

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. 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.

On 31st March 2015, the Company has acquired 181,029,798 (99.28%) Equity Shares and 30,000,000 of 10% Cumulative Redemable Preference Shares of M/s. Maithan Ispat Limited and thus became Holding Company.

Note 2 Significant accounting policies**a Basis of accounting and preparation of financial statements**

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

b Use of estimates

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

c Inventories

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

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.

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

Notes forming part of the financial statements

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

Transition to Ind AS

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

g Intangible assets

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

Transition to Ind AS

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

h Foreign currency transactions and translations

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

i Employee benefits

Employee benefits of short term nature are recognised as expense as and when these accrue. Long term employee benefits and post employment benefits, whether funded or otherwise, are recognised as expenses based on actuarial valuation at year end using the projected unit credit method. For discounting purpose, market yield of Government Bonds, at the balance sheet date, is used. Re-measurement gain or losses arising from experience adjustments changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Re measurements are not reclassified to profit or loss in subsequent periods.

j Borrowing costs

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

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.

Notes forming part of the financial statements

m Taxes on income

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

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

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

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

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

n Research and development expenses

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

o Impairment of Non Financial assets

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

p Provisions and contingencies

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

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

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

r Fair Value measurement of financial instruments

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

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

₹ in Mn

Particulars	Gross Block			Depreciation			Net Block	
	As at March 31, 2018	Additions	Deductions	As at March 31, 2018	During the year	Deductions	As at March 31, 2018	As at March 31, 2019
Land (Free hold)	25.55	-	-	25.55	-	-	25.55	25.55
Land and Site Development	953.39	-	-	953.39	140.90	-	572.50	431.62
Building	1,476.52	-	-	1,476.52	54.44	-	1,088.03	1,033.60
Plant and Machinery	10,038.49	5.05	-	10,043.94	296.34	-	6,428.30	6,137.52
Furniture and Fixtures	157.94	0.61	-	158.85	14.08	-	56.62	43.46
Office Equipment	33.44	1.21	-	34.65	3.36	-	10.80	8.65
Computer	81.05	0.52	-	81.77	0.55	-	3.17	3.55
Vehicles	107.42	-	13.22	94.20	8.91	5.71	49.84	33.42
V Sat	0.82	-	-	0.82	-	-	-	-
Railway Siding	683.14	-	-	683.14	45.46	-	442.97	397.62
Total	13,557.76	7.39	13.22	13,553.73	564.04	5.71	8,677.78	8,115.00
Previous Year	13,309.34	248.42	-	13,557.76	565.35	-	8,994.24	8,677.78

Notes forming part of the financial statements

Note 4 Non current investments

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Investments (At cost)		
Trade and Unquoted		
a. Investment in equity shares		
<u>Subsidiaries</u>		
Maithan Ispat Limited *	1,798.85	1,798.85
32,38,26,010 (PY - 32,38,26,010) equity shares of ₹ 10 each fully paid up		
<u>Others</u>		
Keonjhar Infrastructure Development Company Ltd	0.07	0.07
7,200 (PY - 7,200) equity shares of ₹ 10 each fully paid up		
Mesco Steel Limited	100.00	100.00
2,50,000 (PY - 2,50,000) equity shares of ₹ 10 each fully paid up		
b. Investment in preference shares		
<u>Subsidiaries</u>		
Maithan Ispat Limited	-	-
30,000,000 (PY- 30,000,000) 10% cumulative redeemable preference shares of ₹ 10 each fully paid up		
<u>Others</u>		
Keonjhar Infrastructure Development Company Ltd	20.00	20.00
2,000,000 (PY - 2,000,000) 6% cumulative redeemable preference shares of ₹ 10 each fully paid up		
Total	1,918.92	1,918.92

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

Note 5 Security deposits

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Security deposits		
Unsecured, considered good	62.43	53.17
Total	62.43	53.17

Note 6 Other financial assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Loans and advances to related parties		
Unsecured, considered good	2,526.70	2,429.26
Total	2,526.70	2,429.26

Note 7 Other non current assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
MAT credit entitlement		
Unsecured, considered good	872.32	918.32
Total	872.32	918.32

Note 8 Inventories (At lower of cost and net realisable value)

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Raw materials	136.26	206.77
Finished goods	931.84	901.71
Goods-in-transit - FG	-	0.51
Stores and spares	61.17	49.90
Total	1,129.26	1,158.88

Notes forming part of the financial statements

Note 9 Trade receivables

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	199.04	11.77
Other Trade receivables		
Unsecured, considered good	531.46	225.30
Total	730.50	237.07

Note 10 Cash and cash equivalents

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Cash and cash equivalents		
Cash on hand	40.43	38.40
Balances with banks		
In current accounts	72.79	45.62
In deposit accounts	305.56	33.33
In deposit accounts *	63.31	60.46
In earmarked accounts		
- Unclaimed dividend accounts	37.48	33.72
Interest on Bank Deposits	15.38	10.88
Total	534.95	222.41

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

Note 11 Advances

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Loans and advances to Suppliers		
Unsecured, considered good	550.23	362.07
Loans and advances to employees		
Unsecured, considered good	8.33	7.42
Total	558.56	369.48

Note 12 Other financial assets

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Prepaid expenses		
Unsecured, considered good	1.81	8.32
Balances with government authorities		
Unsecured, considered good	122.96	120.26
Others Receivables		
Unsecured, considered good	-	10.00
Income Tax (Net of Provisions)	156.11	52.88
Total	280.88	191.46

Note 13 Equity share capital

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Authorised		
200,000,000 (PY -140,000,000) Equity shares of ₹ 10 each	2,000.00	1,400.00
Issued, Subscribed and Paid up		
137,875,000 (PY -137,875,000) Equity shares of ₹ 10 each	1,378.75	1,378.75
Total	1,378.75	1,378.75

Notes forming part of the financial statements

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

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	No. of shares	₹ in Mn	No. of shares	₹ in Mn
Equity Shares				
Opening Balance	137,875,000	1,378.75	137,875,000	1,378.75
Changes during the year	-	-	-	-
Closing Balance	137,875,000	1,378.75	137,875,000	1,378.75

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

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	No. of shares	%	No. of shares	%
Equity Shares				
Mideast (India) Limited	32,549,940	23.61	32,549,940	23.61
Mesco Mining Limited	17,000,000	12.33	17,000,000	12.33
Moorgate Industries India Private Limited	13,787,500	10.00	13,787,500	10.00
Mesco Steels Limited	13,146,800	9.54	13,146,800	9.54
Mesco Logistics Limited	12,151,700	8.81	12,151,700	8.81
Mesco Kalinga Steels Limited	10,000,000	7.25	10,000,000	7.25
Total	98,635,940	71.54	98,635,940	71.54

C) Right, preferences and restrictions attached to shares

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

Note 14 Other equity

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Capital Reserve		
Opening balance	1,642.61	1,642.61
Add: Changes during the year	-	-
Closing balance	1,642.61	1,642.61
Securities premium account		
Opening balance	677.70	677.70
Add : Premium on shares issued during the year	-	-
Closing balance	677.70	677.70
Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	2,937.49	2,703.97
Add: Profit / (Loss) for the year	(38.62)	232.92
Add / Less: Re-measurement gains/ (losses) on defined benefit plans	0.80	0.60
Closing balance	2,899.67	2,937.49
Total	5,219.98	5,257.80

Notes forming part of the financial statements

Note 15 Borrowings

Particulars	As at 31 March, 2019		As at 31 March, 2018	
	₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
	Non-Current	Current	Non-Current	Current
Secured				
Term loans from Banks (Refer note 1)	12.01	296.97	6.16	79.75
Term loans from Other Parties (Refer note 2)	32.79	19.19	50.23	18.61
	44.80	316.16	56.39	98.36
Unsecured				
From Promoters	283.99	-	262.64	-
From Banks (Refer note 2)	24.31	91.83	80.32	55.83
	308.30	91.83	342.96	55.83
Total	353.10	408.00	399.36	154.19

Notes

(1) Term loans from banks

Particulars	Terms of repayment and security	As at 31 March, 2019		As at 31 March, 2018	
		Non-Current	Current	Non-Current	Current
		₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
ICICI Bank Limited	Vehicle loan of ₹ 1.19 Mn (PY ₹ 1.56 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 32.	0.78	0.41	1.19	0.37
ICICI Bank Limited	Vehicle loan of ₹ 0.37 Mn (PY ₹ 0.54 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 21.	0.17	0.20	0.37	0.17
ICICI Bank Limited	Vehicle loan of ₹ 0.23 Mn (PY ₹ 0.36 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 18.	0.08	0.15	0.23	0.13
ICICI Bank Limited	Vehicle loan of ₹ 4.33 Mn (PY ₹ 5.96 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 28.	2.56	1.77	4.33	1.63
ICICI Bank Limited	Vehicle loan of ₹ 0.04 Mn (PY ₹ 0.06 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 21.	0.02	0.02	0.04	0.02
ICICI Bank Limited	Vehicle loan of ₹ 3.50 Mn (PY ₹ NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 36.	2.46	1.04	-	-
ICICI Bank Limited	Vehicle loan of ₹ 3.00 Mn (PY ₹ NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 36.	2.11	0.89	-	-
ICICI Bank Limited	Vehicle loan of ₹ 3.00 Mn (PY ₹ NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 36.	2.13	0.87	-	-
ICICI Bank Limited	Vehicle loan of ₹ 2.40 Mn (PY ₹ NIL) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 36.	1.70	0.70	-	-
Kotak Bank Limited	Term loan of ₹ NIL (PY ₹ 56.63 Mn) is secured by 2nd charge on assets of Pig Iron Plant and residential flat at Bhubneswar.	-	290.92	-	56.63
Bank Of India	Loan against FD	-	-	-	20.80
Total		12.01	296.97	6.16	79.75

Notes forming part of the financial statements

Term loans from other parties					
Daimler Financial Services Pvt. Ltd.	Vehicle loan of ₹ 0.07 Mn (PY ₹ 1.56 Mn) are secured by first charge by way of hypothecation of the respective vehicles. Number of balance EMI payable is 1	-	0.07	0.12	1.44
Srei Equipment Finance Limited	Equipment loan of ₹ 51.91 Mn (PY ₹ 67.28 Mn) are secured by first charge by way of hypothecation of the respective equipment. Number of balance EMI payable is 43.	32.79	19.12	50.11	17.17
Total		32.79	19.19	50.23	18.61
(2) Details of borrowings guaranteed by directors or others					
Particulars	Terms of repayment	As at 31 March, 2019		As at 31 March, 2018	
		Non-Current	Current	Non-Current	Current
		₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD Mn (PY USD 1.88 Mn) is payable in 8 equitable installments starting June 2016.	-	65.10	40.65	40.65
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 0.21 Mn (PY USD 0.335 Mn) is payable in 12 installments. Number of instalments payable is 2.	-	14.58	9.32	7.59
Banyantree Bank Ltd, Mauritius	External Commercial Borrowing (ECB) of USD 0.53 Mn (PY USD 0.7 Mn) is payable in 12 installments. Number of instalments payable is 8.	24.31	12.15	30.35	7.59
Total		24.31	91.83	80.32	55.83

Note 16 Trade payables

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Trade payables	387.11	548.50
Total	387.11	548.50

Note 17 Other financial liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Advances from customers	4,957.01	5,199.63
Total	4,957.01	5,199.63

Note 18 Employee benefit obligations

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Provision for employee benefits		
Provision for gratuity	54.19	46.68
Provision for leave encashment	11.78	10.70
Total	65.97	57.38

Notes forming part of the financial statements

Note 19 Trade payables

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Micro, Small & Medium enterprises	-	-
Others	2,045.55	1,711.19
Total	2,045.55	1,711.19

Note 20 Other financial liabilities

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Current maturities of long-term debt	408.00	154.19
Interest accrued and due on borrowings	1.39	-
Unclaimed dividends	37.49	33.73
Statutory Dues	772.65	339.45
Trade / security deposits received	31.08	35.28
Advances from customers	520.16	412.78
Employee related liabilities	43.76	44.54
Total	1,814.55	1,019.97

Note 21 Employee benefit obligations

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Provision for employee benefits		
Provision for gratuity	7.91	6.51
Provision for leave encashment	1.24	1.51
Total	9.15	8.02

Note 22 Revenue from operations

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Sale of products	8,702.37	6,315.81
Less: GST on sales	1,318.92	489.72
Total	7,383.45	5,826.09

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Sale of products comprises		
Plant-Manufactured Goods	6,854.74	2,731.53
Plant-Traded Goods	528.70	13.50
Mines	-	3,081.06
Total	7,383.45	5,826.09

Notes forming part of the financial statements

Note 23a Cost of materials consumed

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Opening stock	206.77	172.60
Add: Purchases	6,286.00	2,199.49
Less: Closing stock	136.26	206.77
Cost of material consumed	6,356.51	2,165.32
Material consumed comprises		
Raw material -Iron ore	1,319.05	365.89
Raw material - Coke	4,545.08	1,720.40
Other items	492.38	79.03
Total	6,356.51	2,165.32

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

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
<u>Inventories at the end of the year</u>		
Finished goods	931.84	901.71
Stock-in-transit - FG	-	0.51
	931.84	902.22
<u>Inventories at the beginning of the year</u>		
Finished goods	901.71	676.08
Work-in-progress	-	28.63
Stock-in-transit - FG	0.51	-
	902.22	704.71
Less: Excise duties on increase / (decrease) of finished goods	5.33	(46.00)
Net increase / (decrease)	24.29	243.51

Note 24 Employee benefits expenses

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Salaries and wages	255.46	415.45
Contributions to provident and other funds	16.33	18.11
Provision for gratuity	8.92	11.07
Provision for leave	0.82	(2.23)
Staff welfare expenses	4.56	5.60
Total	286.09	448.01

Notes forming part of the financial statements

Note 25 Other expenses

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Consumption of stores and spare parts	92.32	98.93
Royalty cost	-	934.73
Mining cost	-	416.20
Power and fuel	119.33	76.74
Water charges	13.58	11.24
Material handling charges	8.48	32.39
Rent & plot hiring charges	27.74	26.78
Repairs and maintenance - Buildings	1.96	3.69
Repairs and maintenance - Machinery	6.03	43.41
Repairs and maintenance - Others	26.95	6.75
Labour charges	22.65	35.77
Insurance	19.63	11.24
Rates and taxes	11.04	14.39
Communication	4.17	3.87
Travelling and conveyance	39.57	36.86
Selling & distribution	10.39	16.00
Donations and contributions	19.86	23.99
Legal and professional	53.99	64.80
Net loss on foreign currency transactions and translation	40.22	1.95
Payments to auditors (Refer Note below)	1.69	1.65
CSR expenses	1.75	3.71
Miscellaneous expenses	31.72	29.55
Total	553.07	1,894.65

Note

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Payments to the auditors comprises		
For statutory audit	1.65	1.63
For Taxation Matters	0.04	0.02
Total	1.69	1.65

Note 26 Finance costs

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Interest expense on		
Borrowings	43.69	800.42
Interest on delayed / deferred payment of statutory dues	2.16	10.42
Other borrowing cost	-	12.58
Total	45.85	823.43

Notes forming part of the financial statements

Note 27 Other income

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Interest income (Refer Note below)	8.78	18.27
Rental Income	-	7.00
Liabilities / provisions no longer required written back	393.67	102.01
Others	8.76	-
Total	411.21	127.28

Note

Particulars	As at 31 March, 2019	As at 31 March, 2018
	₹ in Mn	₹ in Mn
Interest income comprises		
Interest from banks deposits	8.78	7.43
Interest from others	-	10.84
Total	8.78	18.27

Note 28 Additional information to the financial statements

	Particulars	As at 31 March, 2019	As at 31 March, 2018
		₹ in Mn	₹ in Mn
28.1	Contingent liabilities (to the extent not provided for)		
	(a) Claims against the company not acknowledged as debt		
	(i) Central excise, customs and service tax	1,172.66	326.45
	(ii) Sales tax and entry tax	248.39	246.80
	(iii) Income Tax	57.76	57.76
	(b) Guarantee provided in respect of obligations of a subsidiary	7,829.50	7,829.50
28.2	Capital Commitments		
	Particulars	As at 31 March, 2019	As at 31 March, 2018
		₹ in Mn	₹ in Mn
	Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	105.34	99.90
28.3	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006		
	The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently the amount paid/payable to these parties is NIL.		
28.4	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 2019	As on 31st March 2018
		Receivable / (Payable) ₹ in Mn	Receivable / (Payable) USD in Mn
		Receivable / (Payable) ₹ in Mn	Receivable / (Payable) USD in Mn
		(115.99)	(1.67)
		(576.76)	(8.87)

Notes forming part of the financial statements

Note 28 Additional information to the financial statements (contd.)

28.5	Value of imports calculated on CIF basis	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
			₹ in Mn	₹ in Mn
		Raw materials	-	-
		Spare parts	-	-
		Capital goods	-	-
28.6	<u>Expenditure in foreign currency</u>			
		Interest	35.65	7.95
		Travelling	4.25	3.15
		Consultancy	-	0.16

28.7	Details of consumption of imported and indigenous items	Particulars	For the year ended 31 March, 2019	
			₹ in Mn	%
		<u>Imported</u>		
		Raw Materials	-	-
		Spare parts	-	-
		<u>Indigenous</u>		
		Raw materials	-	-
		Spare parts	-	-
		Total	-	-
	Note: Previous year figures are NIL			
28.8	Earnings in foreign exchange	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
			₹ in Mn	₹ in Mn
		Export of goods calculated on FOB basis	6.73	16.10

Note 29 Disclosures under Accounting Standards

29.1	Post retirement benefit plans
29.1a	<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 ₹ 16.33 Mn (PY - ₹ 18.11 Mn) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at rate specified in the rules of the scheme.
29.1b	<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.

Notes forming part of the financial statements

Note 29 Disclosures under Accounting Standards (contd.)

	Particulars	Year ended 31 March, 2019	Year ended 31 March, 2018
		Gratuity	Gratuity
		₹ in Mn	
	Components of employer expense		
	Current service cost	5.91	5.27
	Interest cost	3.74	3.28
	Past service cost	-	1.96
	Actuarial losses/(gains)	1.19	(4.44)
	Total expense recognised in the Statement of Profit and Loss	10.84	6.07
	Actual contribution and benefit payments for year		
	Actual benefit payments	1.94	0.53
	Actual contributions	-	-
	Net asset / (liability) recognised in the Balance Sheet		
	Present value of defined benefit obligation	(62.10)	(53.19)
	Fair value of plan assets	-	-
	Funded status [Surplus / (Deficit)]	-	-
	Unrecognised past service costs	-	-
	Net asset / (liability) recognised in the Balance Sheet	(62.10)	(53.19)
	Change in defined benefit obligations (DBO) during the year		
	Present value of DBO at beginning of the year	53.19	47.66
	Current service cost	5.91	5.27
	Interest cost	3.74	3.28
	Actuarial (gains) / losses	1.19	(4.44)
	Past service cost	-	1.96
	Benefits paid	(1.94)	(0.53)
	Present value of DBO at the end of the year	62.10	53.19
	Actuarial assumptions		
	Discount rate	7.50%	7.50%
	Salary escalation	6%	6%
	Mortality tables	IALM(2006-08) Ult	IALM(2006-08) Ult
29.2	Segment information		
	The Company's business activity primarily falls within a single business segment i.e, Iron and Steel business and hence there are no disclosures to be made under Ind AS 108.		

Related party transactions

Details of related parties

Note	Description of relationship	Names of related parties
29.3a	Subsidiaries	Maithan Ispat Limited
	Key Management Personnel (KMP)	Mrs. Rita Singh (Chairperson cum Managing Director) Mrs. Natasha Singh Sinha (Joint Managing Director) Ms. Sandhya Sethia * Mr. S. N. Kambali
	Relatives of KMP	Mr. Pawan Kumar (Company Secretary) Mr. Jitendra Kumar Singh
	Company in which KMP / Relatives of KMP can exercise significant influence	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

Notes forming part of the financial statements

Note 29 Disclosures under Accounting Standards (contd.)

	<p>h) Mesco Aerospace Limited i) Mesco Laboratories Limited j) Mesco Shoes Limited k) Twenty First Century Finance Limited l) Mesco India Limited m) Chhindwara Coal Washing Private Limited n) Forrester Foods Private Limited o) Chhindwara Energy Limited p) Chhindwara Power Limited q) Gondwana Energy Limited r) SAARC Helicopters Private Limited s) Mesco Magic Cement Ltd t) SS & R Films Private Limited</p>
<p>Note: Related parties have been identified by the Management. * Ms. Sandhya Sethia ceases to be Company Secretary from 1st October 2018.</p>	

₹ in Mn

Note	Details of related party transactions during the year ended 31 March, 2019 and balances outstanding as at 31 March, 2019:				
29.3b	Transaction during the year	Subsidiary	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
	Rentals services				
	Mesco Steels Limited				0.41 (0.41)
	Mesco Logistics Limited				0.68 (0.68)
	Mesco Hotels Limited				0.82 (0.82)
	Mesco Kalinga Steels Limited				0.82 (0.82)
	Mrs. Rita Singh		6.00 (6.00)		
	Mrs. Natasha Singh Sinha		6.00 (6.00)		
	Mrs. Shipra Singh Rana			0.60 (0.60)	
	Remuneration				
	Mr. Jitendra Kumar Singh			13.94 (30.04)	
	Mrs. Rita Singh		15.68 (33.36)		
	Mrs. Natasha Singh Sinha		18.47 (18.46)		
	Mrs. Shipra Singh Rana			8.37 (8.37)	
	Mr. Ravipati Hanumantha Rao		- (1.20)		
	Mr. Priyabrata Patnaik		- (9.00)		
	Ms. Sandhya Sethia		0.64 (1.21)		
	Mr. Pawan Thakur		0.62		

Notes forming part of the financial statements

Note 29 Disclosures under Accounting Standards (contd.)

					₹ in Mn
	<u>Purchase of Goods</u>				
	Maithan Ispat Limited	220.66			
	<i>(including duties & taxes)</i>	<i>(467.49)</i>			
	Mesco Kalinga Steels Limited	1,141.32			
	<i>(including duties & taxes)</i>				
	<u>Sale of Goods</u>				
	Maithan Ispat Limited	290.70			
	<i>(including duties & taxes)</i>	-			
	Mesco Kalinga Steels Limited	23.77			
	<i>(including duties & taxes)</i>	-			
	<u>Loans and Advances given</u>				
	Mesco Steels Limited				42.98
					(52.13)
	Mesco Magic Cement Limited				20.31
					(19.64)
	Mesco Mining Limited				59.37
					(61.29)
	Mesco Aerospace Limited				48.49
					(54.36)
	Mesco Pharmaceuticals Limited				3.58
					(0.33)
	<u>Investment in shares</u>				
	Maithan Ispat Limited	-			
		(1,798.85)			
	<u>Rental Income</u>				
	Maithan Ispat Limited	6.00			
		(6.00)			
	<u>Corporate guarantees given</u>				
	Maithan Ispat Limited	-			
		(7,829.50)			
	<u>Balances outstanding at the end of the year</u>				
	<u>Advances</u>				
	Mesco Steels Limited				2,135.70
					(2,093.07)
	Maithan Ispat Limited	387.11			
		(266.00)			
	Mesco Aerospace Limited				106.56
					(54.36)
	Mesco Logistocs Limited				-
					(81.36)
	S S & R Films Private Limited				0.01
					(0.01)
	Saarc Helicopters Private Limited				0.02
					(0.02)
	Mesco Pharmaceuticals Limited				3.91
					(0.33)
	21st Century Finance Limited				1.71
					(1.71)
	Mideast India Limited				-
					(3.69)

Notes forming part of the financial statements

Note 29 Disclosures under Accounting Standards (contd.)

					₹ in Mn
	Forrester Foods Private Limited				6.88
					(6.88)
	Mesco Mining Limited				120.66
					(61.29)
	Kayaana Constructions Limited				3.20
					(3.20)
	Mesco Hotels Limited				0.68
					-
	Mesco Magic Cement Limited				19.64
					-
	Mesco Logistocs Limited				0.44
					-
	Mesco Laboratories Limited				0.01
					-
	Payables				
	Mesco Kalinga Steels Limited				263.97
					(1.31)
	Mesco Hotels Limited				-
					(0.05)
	Mesco Magic Cement Limited				-
					(0.67)
	Mesco Shoes Limited				0.76
					(0.76)
	Mideast India Limited				1.91
					-
* Remuneration includes perquisites computed as per Income Tax Act.					
Note: Figures in bracket relates to the previous year					

29.4	Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
	Earnings per share		
	<u>Basic & Diluted</u>		
	Net profit / (loss) for the year attributable to the equity shareholders (₹ in Mn)	(38.62)	232.92
	Weighted average number of equity shares	137,875,000	137,875,000
	Par value per share (₹)	10	10
	Earnings per share (₹)	(0.28)	1.69
29.5	Particulars	As at 31 March, 2019	As at 31 March, 2018
		₹ in Mn	₹ in Mn
	Deferred tax (liability) / asset		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(757.28)	(753.98)
	Tax effect of items constituting deferred tax liability	(757.28)	(753.98)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated leaves, gratuity and disallowances under Income Tax	17.80	16.50
	Tax effect of items constituting deferred tax assets	17.80	16.50
	Net deferred tax (liability) / asset	(739.48)	(737.48)

Notes forming part of the financial statements

Note 30	In pursuance to the Judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 (Common Cause v/s Union of India & Others), an amount of ₹ 924.75 crores has been imposed on the Company towards 'Compensation' as determined in the said Judgement which was to be paid by 31 st December 2017, even though the Government Taxes and Royalty was paid on the ores extracted. Since the amount was not paid by the stipulated date, the Honorable Supreme Court ordered to stop mining operations with effect from 1 st January 2018. The Company has however filed a 'Curative petition' (Civil) before the Honorable Supreme Court of India challenging the Judgement and which is still pending. Hence provision has not been made for the same in the books of accounts.			
Note 31	The company intends to convert unsecured loans received from Promoters into Equity in compliance with the provisions of Companies Act 2013 and SEBI (ICDR) Regulations 2009 subject to approval of requisite authority.			
Note 32	The balances of Debtors, creditors, loans & advances received & given and deposits received & given and inter company balances are subject to confirmations and reconciliations.			
Note 33	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, 2019			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purpose other than (i) above	0.10	-	0.10
	Amount spent during the year ending March 31, 2018			
	i) Construction/acquisition of any asset	-	-	-
	ii) On purpose other than (i) above	0.07	-	0.07

For Arun Todarwal & Associates LLP
Chartered Accountants
ICAI Reg No. W100291

For and on behalf of the Board of Directors

Arun Todarwal
Partner
M. No. 32822

Natasha Sinha
Jt. Managing Director & CFO
DIN 00812380

Rita Singh
CMD
DIN 00082263

Place : New Delhi
Date : 21 June 2019

S N Kambali
Director & CEO
DIN 08182398

Pawan Kumar Thakur
Company Secretary