

22.12.2023

To,  
BSE Limited  
Corporate Relationship Department  
Floor 25, Phirozejeebhoy Towers  
Dalal Street  
Mumbai-400001

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

Scrip ID: MESCON

SCRIP CODE: 540744

**Sub: Audited Financial Results for the Quarter and Financial Year ended 31<sup>st</sup> March, 2023**

Dear Sir,

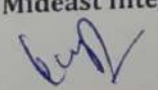
Pursuant to regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are enclosing herewith the Audited Financial results (Standalone and Consolidated) of the Company for the quarter and year ended 31<sup>st</sup> March, 2023 along with Audit Reports duly considered and approved by the Board of Directors at their meeting held at New Delhi on Thursday, 07<sup>th</sup> December, 2023

M/s. Ashok Shyam & Associates, Chartered Accountants, Statutory Auditors of the Company has issued Auditor's Report.

A Copy of the said results together with Auditors Report and statement on impact of audit qualification is enclosed herewith. These results are also being made available on the website of the Company at [www.mescosteel.com](http://www.mescosteel.com).

This is for your information and records.

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

  
**Priyanka Chugh**  
Company Secretary cum Compliance Officer  
Encl: AA

**MIDEAST INTEGRATED STEELS LIMITED**

Corporate Identity No. - L74899DL1992PLC050216  
Regd. Off.: Mesco Towers, H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi - 110 048, India, T: 011-29241099, 40587085, 40587083  
Bhubaneswar Office: Mesco Tower 3915, Lewis Road, Kedargouri Square, Bhubaneswar - 751 014, Odisha, T: 0674-2432755/59, Fax: 0674-2432256  
Plant: Kalinga Nagar Industrial Complex, Khurunti, P. O. - Danagadi - 755 026, Dist. Jajpur Odisha, T: 06726-266042/45, 0671-2383100, Fax: 06726-266041  
Mumbai Office: Unit No. 401, Silver Pearl Bldg, Water Field Road, Bandra (W), Mumbai - 400 050, T: 022-26603173/75/74  
Kolkata Office: 14th Floor, Room No. 1412, 16, Strand Road, Kolkata - 700 001, T: 033-66451214 / 1215  
E: [info@mescosteel.com](mailto:info@mescosteel.com), W: [www.mescosteel.com](http://www.mescosteel.com)

Statement of Standalone Audited Financial Results for the Financial Year ended 31 March, 2023

| Sr. No. | Particulars   | Quarter ended     |                |                 | Year ended        |                 |
|---------|---|-------------------|----------------|-----------------|-------------------|-----------------|
|         |   | 31-03-2023        | 31-12-2022     | 31-03-2022      | 31-03-2023        | 31-03-2022      |
|         |   | Audited           | Unaudited      | Audited         | Audited           | Audited         |
|         |   | Rs. in Mn         | Rs. in Mn      | Rs. in Mn       | Rs. in Mn         | Rs. in Mn       |
| 1       | Revenue from Operations   | 0.30              | 50.16          | 5.86            | 201.03            | 1,459.46        |
| 2       | Other Income  | 27.03             | 71.61          | 129.95          | 112.88            | 1,799.36        |
| 3       | <b>Total Income (1+2)</b>   | <b>27.33</b>      | <b>121.77</b>  | <b>135.81</b>   | <b>313.91</b>     | <b>3,258.82</b> |
| 4       | <b>Expenses</b>   |                   |                |                 |                   |                 |
|         | (a) Cost of materials consumed  | -                 | -              | -               | -                 | -               |
|         | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | (0.00)            | 24.17          | 74.43           | 42.22             | 124.56          |
|         | (c) Employee benefits expense   | 10.20             | 6.45           | 9.27            | 74.20             | 40.08           |
|         | (d) Finance cost  | 29.68             | 0.08           | 0.25            | 29.95             | 0.82            |
|         | (e) Depreciation and amortisation expense   | 89.00             | 91.05          | 135.47          | 361.41            | 412.09          |
|         | (f) Other expenses  | 1,009.50          | 26.05          | 29.29           | 1,243.66          | 1,385.40        |
|         | <b>Total Expenses</b>   | <b>1,138.37</b>   | <b>147.80</b>  | <b>248.71</b>   | <b>1,751.43</b>   | <b>1,962.95</b> |
| 5       | <b>Profit / (Loss) from operations before exceptional items (3-4)</b>             | <b>(1,111.04)</b> | <b>(26.03)</b> | <b>(112.90)</b> | <b>(1,437.52)</b> | <b>1,295.85</b> |
| 6       | Exceptional items/Prior Period Items  | (3.68)            | -              | (140.49)        | (3.68)            | (140.49)        |
| 7       | <b>Profit / (Loss) before tax (5+6)</b>   | <b>(1,114.72)</b> | <b>(26.03)</b> | <b>(253.39)</b> | <b>(1,441.20)</b> | <b>1,155.36</b> |
| 8       | Tax expense:  | -                 | -              | -               | -                 | -               |
| 9       | <b>Net Profit / (Loss) after tax (7-8)</b>  | <b>(1,114.72)</b> | <b>(26.03)</b> | <b>(253.39)</b> | <b>(1,441.20)</b> | <b>1,155.36</b> |
| 10      | Other Comprehensive Income  | -                 | -              | -               | -                 | -               |
| 11      | <b>Total Comprehensive Income / (Loss) (9+10)</b>                                 | <b>(1,114.72)</b> | <b>(26.03)</b> | <b>(253.39)</b> | <b>(1,441.20)</b> | <b>1,155.36</b> |
| 12      | Paid Up Equity Share Capital (Face Value of Rs. 10/- each)                        | 1,378.75          | 1,378.75       | 1,378.75        | 1,378.75          | 1,378.75        |
| 13      | Earnings per Share (of Rs 10 each) (not annualised) (including share suspense)    |                   |                |                 |                   |                 |
|         | - Basic   | (8.09)            | (0.19)         | (1.84)          | (10.45)           | 8.38            |
|         | - Diluted   | (8.09)            | (0.19)         | (1.84)          | (10.45)           | 8.38            |

1 The above results have been reviewed and recommended by the Audit Committee and have been approved and taken on record by the Board of Directors at its meeting held on 07.12.2023

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2 The figures for the quarter ended March 31, 2023 and March 31, 2022 are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2023 and March 31, 2022 and the unaudited published quarterly figures for December 31, 2022 being the dates of the end of the third quarter of the financial year which were subjected to limited review.

3 In pursuance to the Judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 (Common Cause v/s Union of India & Others), an amount of ₹ 924.75 crores has been imposed on the Company towards 'Compensation' as determined in the said Judgement which was to be paid by 31st December 2017, 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 1st January 2018.

The Company had filed a 'Curative petition' (Civil) before the Honorable Supreme Court of India challenging the Judgement in March 2018 however the petition has been dismissed by the Supreme Court during the reporting quarter. Provision for the above compensation along with interest has not been made in the books of accounts. Further the realization amount from said sale should be deposited with the State of Odisha towards partial satisfaction of the Compensation demand raised by Demand Notice dated 02.09.2017. The Company is in process to sell the iron ore and to comply with the norms, it is further to be noted that Company managed to get an extension of further six months vide last order dated 24th November, 2020. The Company has deposited with the Government Rs. 362.49 crores including GST till March 2023 and Rs. 415.79 cores including GST till July 2023 under protest towards Compensation amount.

4 There was arbitration award received in June 2019 for 718 crores. The Company has already appealed to this Award. The appeal has been admitted in the High Court. The Company is confident to win the award and hence not making any provision in the books.

5 Previous periods figures have been regrouped / rearranged wherever necessary to conform to the current period's classification(s).

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

Rita Singh

Chairperson cum Managing Director

Place : New Delhi  
Date : 07.12.2023



**Mideast Integrated Steels Limited**  
**Standalone Statement of Assets and Liabilities as at 31 March, 2023**

| Particulars                    | As at 31 March, 2023<br>₹ in Mn | As at 31 March, 2022<br>₹ in Mn |
|--------------------------------|---------------------------------|---------------------------------|
| <b>ASSETS</b>                  |                                 |                                 |
| <b>Non current assets</b>      |                                 |                                 |
| Property, plant and equipment  | 6,306.93                        | 6,668.33                        |
| Capital work-in-progress       | 244.68                          | 244.68                          |
| Non current investments        | 1,918.92                        | 1,918.92                        |
| Financial assets               |                                 |                                 |
| Security deposits              | 48.67                           | 48.92                           |
| Other financial assets         | 2,311.50                        | 2,433.49                        |
| Other non current assets       | -                               | 792.32                          |
| <b>Current assets</b>          |                                 |                                 |
| Inventories                    | 565.03                          | 607.25                          |
| Financial assets               |                                 |                                 |
| Trade receivables              | 369.78                          | 412.83                          |
| Cash and cash equivalents      | 122.91                          | 119.40                          |
| Advances                       | 163.17                          | 145.39                          |
| Other financial assets         | 150.01                          | 301.63                          |
|                                | <b>12,201.61</b>                | <b>13,693.16</b>                |
| <b>EQUITY AND LIABILITIES</b>  |                                 |                                 |
| <b>Equity</b>                  |                                 |                                 |
| Equity share capital           | 1,378.75                        | 1,378.75                        |
| Other equity                   |                                 |                                 |
| Securities premium             | 677.70                          | 677.70                          |
| Retained earnings              | 1,168.59                        | 2,609.79                        |
| Other reserve                  | 1,642.61                        | 1,642.61                        |
| <b>Total Equity</b>            | <b>4,867.65</b>                 | <b>6,308.85</b>                 |
| <b>Non current liabilities</b> |                                 |                                 |
| Financial liabilities          |                                 |                                 |
| Borrowings                     | 338.75                          | 351.66                          |
| Other financial liabilities    | 3,734.07                        | 3,731.98                        |
| Deferred tax liabilities (net) | 739.48                          | 739.48                          |
| Employee benefit obligations   | 42.69                           | 69.65                           |
| <b>Current liabilities</b>     |                                 |                                 |
| Financial liabilities          |                                 |                                 |
| Trade payables                 | 1,287.60                        | 1,365.11                        |
| Other financial liabilities    | 1,183.80                        | 1,115.04                        |
| Employee benefit obligations   | 7.56                            | 11.39                           |
|                                | <b>12,201.61</b>                | <b>13,693.16</b>                |

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

Rita Singh

Chairperson cum Managing Director

Place : New Delhi

Date : 07.12.2023

**Mideast Integrated Steels Limited**  
**Cash Flow Statement for the year ended 31 March, 2023**

| Particulars   | For the year ended<br>31 March, 2023 |              | For the year ended<br>31 March, 2022 |              |
|---|--------------------------------------|--------------|--------------------------------------|--------------|
|   | ₹ in Mn                              | ₹ in Mn      | ₹ in Mn                              | ₹ in Mn      |
| <b>A. Cash flow from operating activities</b>                         |                                      |              |                                      |              |
| Net Profit / (Loss) before extraordinary items and tax                |                                      | -1,437.52    |                                      | 1,295.85     |
| Adjustments for   |                                      |              |                                      |              |
| Depreciation and amortisation   | 361.41                               |              | 412.09                               |              |
| Finance costs   | 29.95                                |              | 0.82                                 |              |
| Interest income   | (48.79)                              |              | (4.00)                               |              |
| Rental income   | 0.00                                 |              | (8.31)                               |              |
| Liabilities / provisions no longer required written back              | -30.78                               |              | -1,760.78                            |              |
| Net unrealised exchange (gain) / loss                                 | 0.00                                 |              | 0.00                                 |              |
| Prior period adjustment   | -3.68                                |              | -140.49                              |              |
| Exceptional/Extraordinary items - MAT Credit lapse                    | 0.00                                 |              |                                      |              |
|   |                                      | 308.10       |                                      | -1,500.67    |
| Operating profit / (loss) before working capital changes              |                                      | -1,129.42    |                                      | -204.81      |
| Adjustments for (increase) / decrease in operating assets             |                                      |              |                                      |              |
| Inventories   | 42.22                                |              | 124.56                               |              |
| Trade receivables   | 43.05                                |              | 202.70                               |              |
| Short-term loans and advances   | (17.78)                              |              | 62.13                                |              |
| Long-term loans and advances  | 121.99                               |              | 101.87                               |              |
| Other non-current assets  | 792.57                               |              | 0.02                                 |              |
| Other current assets  | 151.62                               |              | (1.36)                               |              |
| Adjustments for increase / (decrease) in operating liabilities        |                                      |              |                                      |              |
| Trade payables  | (77.51)                              |              | (504.67)                             |              |
| Other current liabilities   | 101.07                               |              | 1,339.60                             |              |
| Other long-term liabilities   | 2.09                                 |              | (1,251.41)                           |              |
| Short-term provisions   | -3.83                                |              | 0.00                                 |              |
| Long-term provisions  | -26.96                               |              | 0.00                                 |              |
|   |                                      | 1,128.53     |                                      | 73.43        |
| Cash generated from operations  |                                      | -0.89        |                                      | (131.39)     |
| Net income tax (paid) / refunds                                       |                                      | -0.89        |                                      | (131.39)     |
| <b>Net cash flow from / (used in) operating activities (A)</b>        |                                      |              |                                      |              |
| <b>B. Cash flow from investing activities</b>                         |                                      |              |                                      |              |
| Purchase/Sale of fixed assets including capital advance               | (0.00)                               |              | (0.00)                               |              |
| Investment in subsidiaries and joint ventures                         | 0.00                                 |              | 0.00                                 |              |
| Rental receipt  | 0.00                                 |              | 8.31                                 |              |
| Interest received   | 48.79                                |              | 4.00                                 |              |
| (Investment in fixed deposit)/Proceeds from fixed deposits            | -2.68                                |              | 3.10                                 |              |
|   |                                      | 46.11        |                                      | 15.41        |
| <b>Net cash flow from / (used in) investing activities (B)</b>        |                                      | 46.11        |                                      | 15.41        |
| <b>C. Cash flow from financing activities</b>                         |                                      |              |                                      |              |
| Proceeds/(Repayment) of borrowings                                    | (14.44)                              |              | 70.31                                |              |
| Finance cost  | (29.95)                              |              | (0.82)                               |              |
|   |                                      | (44.39)      |                                      | 69.48        |
| <b>Net cash flow from / (used in) financing activities (C)</b>        |                                      | (44.39)      |                                      | 69.48        |
| <b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b> |                                      | 0.83         |                                      | -46.49       |
| Cash and cash equivalents at the beginning of the year                |                                      | 12.43        |                                      | 58.93        |
| <b>Cash and cash equivalents at the end of the year</b>               |                                      | <b>13.27</b> |                                      | <b>12.43</b> |

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

Rita Singh

CMD

DIN 00082263

## **INDEPENDENT AUDITORS REPORT**

**To The Members of Mideast Integrated Steel Limited**

**Report on the audit of standalone Financial Statements**

### **Qualified Opinion**

1. We have audited the accompanying standalone financial statements of M/s Mideast Integrated Steel ("the Company") which comprises the Balance Sheet as at March 31, 2023, the Statement of Profit and Loss (Including other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date, and the summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion* section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (\*the Act) in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and total comprehensive loss (comprising of the loss and other comprehensive loss), changes in equity and its cash flows for the year ended on that date.

### **Basis for Qualified Opinion**

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

### Qualifications in the Audit Report

- 1) The Company have Property, Plant and Equipment (PPE) amounting to Rs. 630.69 crores as on 31st March 2023 against which only list of assets have been provided and we have relied upon the values of the assets provided by the management. Periodical Physical verification has not been carried out. We have not verified the assets physically. Further, the Plant is not in operation for more than 4 year due to which the recoverable amount may be less than the carrying amount of PPE and also company has not performed the impairment testing as per Ind AS-36. Hence, we are not able to ascertain the carrying value of PPE and depreciation charged for the year. However, the management has provided the certified amount of WDV amounting to Rs. 630.69 crores as on 31.03.2023.
- 2) Company have fixed assets under capital work in progress amounting to Rs 24.46 crores as on 31st March 2023 which has not been capitalized since more than 6 years as the company is unable to complete the project.
- 3) The company has an investment of Rs. 179.88 crores in its subsidiary MaithanIspat Ltd. Management has not perform the impairment testing, Hence we are unable to comment on the carrying value as at the balance sheet date and the consequential impact on the profit/loss for the year had the company performed such impairment assessment. However as per the latest audited financials, the MaithanIspat Ltd has shown significant growth in the revenue for the year ended 31-3-23.
- 4) Company has inventory amounting to Rs. 56.50 crores as on 31st March 2023 which includes inventory of Raw Materials, Finished Goods and Stores and Spares Stock. Due to non-availability of sufficient information regarding quantity and value of inventory we are unable to comment upon the correctness of reported value of inventory. However, the company provided the certificate of physical verification of inventory by the management amounting to Rs. 56.50 crores as on 31 March 2023.
- 5) Company has total receivable of Rs 36.98 Crores (RP Receivable Rs. 26.11 Crores (Maithan 24.57 crores)), out of which major receivables has no movement. However, the company has neither made any provision for non- moving debtor nor initiating any litigation. Also, the impairment testing has not been performed, hence we cannot comment upon the actual recoverability from the reported trade receivable. Further, the balance confirmation has also not been received.
- 6) Balance confirmations have not been provided to us for bank accounts, loans and fixed deposits. However, in some cases company has provided the bank statements for our review. Further, physical copies of deposits has not been provided by the company. Hence, we cannot comment upon the genuineness of the deposits.

- 7) Further, The UCO Bank A/c no -17840210002803 has been closed by the Company in July 2021, however, the books of accounts still have the bank ledger along with the balance of Rs. 136466/.
- 8) There is an unpaid dividend amount of Rs 2.5 crores which pertains to financial year 2013-14. The same should have been transferred into Investor Education and Protection Fund, however, has not been done by the Company. This amount is yet kept in the Unpaid Dividend account with the bank.
- 9) During the Financial year the company has had transactions with its related parties, and has a net inter-company receivables being loans and advances given amounting to Rs.231.15 Crores as at 31st March 2023. The management has not carried out the impairment assessment as required by Ind AS 36.

Hence, we cannot comment on the carrying value of these receivables, along with the related impairment, if any, and consequential impact thereof on the profit/loss for the year, had the Company performed such impairment assessment.

- 10) Balances of Debtors, creditors, advances received from customers & advances given to supplier and deposits received & given are subject to confirmations and reconciliations. We could not verify the reported numbers due to non-availability of sufficient information and records. Hence, we cannot comment upon the correctness of the reported numbers..
- 11) As on 31st March, 2023 the company has Balances with government authorities amounting to Rs. 14.01 crores on account of deposit under Excise Act, VAT and Service Tax. In this regard, we have not been provided supporting document. Hence, We cannot comment on the deposits and its recoverability.
- 12) The has taken External Commercial Borrowing (ECB) from Banyantree Bank Ltd, Mauritius which became bad due to default in the repayment of loan and interest thereof. The Banyantree bank (Now Silver bank) has filed case before the NCLT against the MISL As per the NCLT order dated 31.05.2023, the MISL has agreed to pay the entire claimed amount of Rs. 12.97 crores plus interest and penalty therein. However, MISL has not made the provision for the difference amount which is required to be paid in addition to payable amount shown in the books.
- 13) The company has Unsecured loan from promoters amounting to Rs. 33.87 crores as on 31st March 2023, out of which Rs.27.97 crores is standing since long and no any details or information has been provided for our review and verification. Further, the terms and condition of the loan, repayment terms and loan agreement has not been provided.
- 14) MISL has advances received from customers amounting to Rs. 387.35 Crores (RP Advances Rs. 0.72 Crores) as on 31st March, 2023. Out of which no movement in the major proportion of advances for more than 365 days. Since, the advances has not been appropriated against supply of goods or provision of services within a period of three hundred and sixty five days (365 days) from the date of acceptance of such advance. Hence, the same will be treated as deposit as per the As per the rule 2 (c) (xii) (a) of companies Act.



However, management has given certificate stating that advance amounting to Rs. 372.68 crores is under dispute and case is under sub-judice before Hon'ble High Court of Mumbai.

However, company has neither complied with the provision of deposits u/s 73 to 76 of Companies Act, 2013 nor met the disclosure of deposit in the form DPT-3, which needs to be file before ROC.

- 15) The company has shown provision for employee benefit expenses mainly Gratuity and Leavee Encashment amounting to Rs. 5.02 crores as on 31st March 2023 against which basis of such provision and relevant document of employees has not been provided. Further, during the year company has reversed the provision of Rs. 3.08 crores out of the provision reported as on 31st March, 2022 amounting to Rs. 6.75 crores for Gratuity and Rs. 1.38 crores for leave encashment. However, basis for the reversal has not been provided for our verification.

Company does not have the actuarial valuation report. Hence, we cannot comment upon the correctness of reported numbers of the provisions and reversal thereof during the year.

- 16) The company has Statutory due payable amounting to Rs. 80.19 crores as on 31st March, 2023. Company has not provided the sufficient information and supporting details against the liability of statutory dues, due to which we cannot comment upon the correctness of the reported numbers. Further, due to non-availability of adequate information of statutory we cannot comment upon the correctness of the reported Statutory liabilities in the financials.
- 17) The company is generally not regular in depositing the statutory dues and making the compliance on time. The Goods & Service Tax (GST) returns have not been filed by the Company since November, 2020. Further, due to non-availability of proper records of filings of TDS, ESI/PF and other statutory returns, we cannot comment upon the actual position of default and future liability on account of such defaults in the filing of statutory returns.
- 18) Disputed dues in respect of Central Excise, Service Tax, Sales Tax, Entry Tax, Income Tax & GST have not been deposited with appropriate authorities and no provision has been made for the same in the financials. Undisputed statutory dues in respect of Provident fund, employees' state insurance, Income Tax, TDS, Sales Tax, Service tax, Custom duty, Excise duty, Value added tax, Cess, GST and other statutory dues, if any, applicable to it, has not been deposited with the appropriate authorities. Further The Goods & Service Tax (GST) returns have not been filed by the Company since November 2020. We could not verify the details of statutory dues, due to non-availability of sufficient documents and information for the reporting period.
- 19) In pursuance to the judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 between Common Cause v/s Union of India & Others, there is a compensation imposed of Rs 924.75 crores along with interest on the company for excess production of Iron Ore during 2000-01 to 2010-11. The Company was supposed to make the payment of this compensation along with the interest on or before 31st December 2017, failing which the mines of the Company are closed down wef 1st January 2018. The Company has filed a 'Curative petition' (Civil) on 28th March 2018, before the Honorable Supreme Court of India challenging the Judgement and which we have been informed is still pending. Hence, the company has not made provision for the same in the books

of accounts. However, in our opinion since this compensation has been crystalized and accordingly, a provision for this liability should have been made in the books. Management has confirmed over mail that Rs. 415.79 crores has been deposited against the order.

Further, based on the financials company is not having any business activity to generate the revenue in future and also after considering the provision for the above liability the net worth of the company would be negative, considering the same company may not be a going concern.

- 20) The company has a net deferred tax liability in the books amounting to of Rs 73.95 crores as on 31st March 2023 against which the basis for the liability and supporting document/information has not been provided, due to which we cannot comment upon the correctness of the same.
- 21) Company has appointed Internal Auditor of the company vide letter dated 10-12-2022 as per the requirement of the Companies Act, read with Rule 13, However Internal audit reports were not made available to us for our review.
- 22) The expenses for Finance cost, Water charges and Electricity duty etc have not been fully provided for, in the books of accounts during the year, by the Company. In the absence of the quantum of these expenses, we are unable to determine the impact on the profit for the Company, had these expenses been fully provided for in the books for the year.

### ***Emphasis of Matter***

- 1) An application under Section 9 of the Arbitration and Conciliation Act, 1996 (as amended) has been filed by SREI Equipment Finance Limited, in August 2021, in relation to a Loan-Cum-Hypothecation Agreement dated 8 September 2016, whereby the Company had taken a loan for purchase of a Metso Crusher 600 TPH Engine amounting to Rs.7.92 crores. The petitioner has claimed an outstanding sum of Rs.4.40 crores in the said application. The Company's books of accounts show a liability of Rs 3.60 crores as at 31st March, 2023. The matter was pending before Sole Arbitrator and by an order dated 11th August, 2023 the Learned National Company Law Tribunal (Kolkata Bench) has allowed a Resolution Plan filed by one NARCL (National Asset Reconstruction Company Limited). The matter is to be heard in the next hearing and the date of next hearing has not been received.
- 2) We draw attention to Note 30 of the financials, which describe Rs 718 crores plus interest, due to a party in respect of unreconciled amounts as per an arbitration award. The Company is disputing most of such claims and has filed an appeal against the arbitration award before the Bombay High Court. The same has been admitted by the High Court in December 2019. The matter is subjudice.
- 3) We have relied on the list of legal cases and the contingent liability, as given to us by the management. We are not aware of, nor have been informed of any other matter filed against the company. Further, company has provided guarantee in respect of obligations of a subsidiary company amounting to Rs. 782.95 crores against which actual financial position of the subsidiary has not been provided. Company has conveyed that, One Time Settlement (OTS) has been done with the consortium of Banks led by State Bank of India relating to the loan / facility that was availed by Maithan.

## **Key Audit Matters**

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include in standalone financial statements and our auditor's report thereon. Our opinion on the standalone financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

## **Responsibility of Management and Board of Director for the standalone annual financial results**

These standalone annual financial results have been prepared on the basis of the standalone Ind AS financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these standalone annual financial results that give a true and fair view of the net profit/(loss) and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable,

matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Standalone Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the standalone annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion whether the Company has adequate internal financial controls with reference to standalone annual Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the standalone annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone annual financial results, including the disclosures, and whether the standalone annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.



Materiality is the magnitude of misstatements in the standalone annual financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone annual financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone annual financial results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by Central Government of India in term of sub-section (11) of Section 143 of the Companies Act, 2013, we enclose in "**Annexure A**" a statement on the matter specified in paragraphs 3 and 4 of the order.

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of change in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rule, 2014.

e) On the basis of written representations received from the directors as on 31 March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the company and operating effectiveness of such controls, refer to our separate report in "**Annexure B**".

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:-

In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with the provision of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us, *subject to the qualified opinion given above*:-

i. The Company has disclosed the impact of pending litigations on its financial position in the standalone financial statement.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been a delay in transferring amounts to the Investor Education and Protection Fund by the Company, of Rs. 2.50 crores pertaining to the unpaid dividends for the financial year 2013-14.

iv.a. The management has represented that, to the best of its knowledge and belief, to the standalone financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

b. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. The Company has not declared and paid any dividend during the year. Therefore, reporting in this regard is not applicable to the Company.

**For Ashok Shyam & Associates**  
**Chartered Accountants**  
**Firm Registration No011223N**

**(Ashok B Gupta)**  
**Partner**  
**M. No.089858**

**UDIN: 23089858BGUZEW5689**

Date :07.12.2023  
Place:New Delhi

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

Statement of Consolidated Audited Financial Results for the Financial Year ended 31 March, 2023

| Sr. No. | Particulars   | Year ended        | Q ended           | Year ended      |
|---------|---|-------------------|-------------------|-----------------|
|         |   | 31/03/2023        | 31/03/2023        | 31/03/2022      |
|         |   | Audited           | Audited           | Audited         |
|         |   | Rs. in Mn         | Rs. in Mn         | Rs. in Mn       |
| 1       | Revenue from Operations   | 9,443.47          | 2,495.39          | 2,347.80        |
| 2       | Other Income  | 305.99            | 219.70            | 2,312.08        |
| 3       | <b>Total Income (1+2)</b>   | <b>9,749.46</b>   | <b>2,715.09</b>   | <b>4,659.88</b> |
| 4       | <b>Expenses</b>   |                   |                   |                 |
|         | (a) Cost of materials consumed  | 6,691.53          | 1,781.78          | 1,410.03        |
|         | (b) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 306.80            | 40.44             | (615.05)        |
|         | (c) Employee benefits expense   | 183.98            | 39.35             | 66.13           |
|         | (d) Finance cost  | 502.12            | 160.64            | 350.80          |
|         | (e) Depreciation and amortisation expense   | 660.75            | 167.60            | 680.17          |
|         | (f) Other expenses  | 3,115.96          | 1,514.88          | 1,503.44        |
|         | <b>Total Expenses</b>   | <b>11,461.15</b>  | <b>3,704.69</b>   | <b>3,395.52</b> |
| 5       | <b>Profit / (Loss) from operations before exceptional items (3-4)</b>             | <b>(1,711.69)</b> | <b>(989.60)</b>   | <b>1,264.36</b> |
| 6       | Exceptional items/Prior Period Items  | (226.31)          | (226.29)          | 2,621.36        |
| 7       | <b>Profit / (Loss) before tax (5+6)</b>   | <b>(1,938.00)</b> | <b>(1,215.89)</b> | <b>3,885.71</b> |
| 8       | <b>Tax expense:</b>   | <b>16.05</b>      | <b>16.05</b>      | <b>-</b>        |
| 9       | <b>Net Profit / (Loss) after tax (7-8)</b>  | <b>(1,954.04)</b> | <b>(1,231.93)</b> | <b>3,885.71</b> |
| 10      | Other Comprehensive Income  | 0                 | -                 | 0.00            |
| 11      | <b>Total Comprehensive Income / (Loss) (13+14)</b>                                | <b>(1,954.04)</b> | <b>(1,231.93)</b> | <b>3,885.71</b> |
| 12      | <b>Earning Per Share (in Rs.)</b>   |                   |                   |                 |
|         | Basic   | (14.16)           | (8.94)            | 28.18           |
|         | Diluted   | (14.16)           | (8.94)            | 28.18           |

1 The above results have been reviewed and recommended by the Audit Committee and have been approved and taken on record by the Board of



Directors at its meeting held on December 7, 2023

2 In pursuance to the Judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 (Common Cause v/s Union of India & Others), an amount of ₹ 924.75 crores has been imposed on the Company towards 'Compensation' as determined in the said Judgement which was to be paid by 31st December 2017, 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 1st January 2018.

The Company had filed a 'Curative petition' (Civil) before the Honorable Supreme Court of India challenging the Judgement in March 2018 however the petition has been dismissed by the Supreme Court during the reporting quarter. Provision for the above compensation along with interest has not been made in the books of accounts. Further the realization amount from said sale should be deposited with the State of Odisha towards partial satisfaction of the Compensation demand raised by Demand Notice dated 02.09.2017. The Company is in process to sell the iron ore and to comply with the norms, it is further to be noted that Company managed to get an extension of further six months vide last order dated 24th November, 2020. The Company has deposited with the Government Rs.362.49 crores including GST till March 2023 and Rs. 415.79 cores including GST till July 2023 under protest towards Compensation amount.

There was arbitration award received in June 2019 for 718 crores. The Company has already appealed to this Award. The appeal has been admitted in the High Court. The Company is confident to win the award and hence not making any provision in the books.

4 Previous periods figures have been regrouped / rearranged wherever necessary to conform to the current period's classification(s).

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



Place : New Delhi  
Date : 07.12.2023

Rita Singh  
Chairperson cum Managing Director



**Mideast Integrated Steels Limited**  
**Consolidated Statement of Assets and Liabilities as at 31 March, 2023**

| Particulars   | As at 31 March, 2023 | As at 31 March, 2022 |
|---|----------------------|----------------------|
|   | ₹ in Mn              | ₹ in Mn              |
| <b>ASSETS</b>                                       |                      |                      |
| <b>Non-current assets</b>                           |                      |                      |
| Property, plant and equipment                       | 9,808.58             | 10,377.85            |
| Capital work-in-progress                            | 582.00               | 463.32               |
| Non-current investments                             | 120.10               | 120.10               |
| Financial assets                                    |                      |                      |
| Security deposits                                   | 102.73               | 102.93               |
| Other financial assets                              | 2,311.50             | 2,433.49             |
| Other non current assets                            | 41.51                | 833.75               |
| Deferred tax asset (Subsidiary)                     | 1,382.00             | 1,398.05             |
| <b>Current assets</b>                               |                      |                      |
| Inventories   | 2,205.54             | 2,458.71             |
| Financial assets                                    |                      |                      |
| Trade receivables                                   | 448.42               | 426.36               |
| Cash and cash equivalents                           | 382.67               | 277.07               |
| Advances  | 685.83               | 516.70               |
| Other financial assets                              | 195.39               | 457.43               |
|   | <b>18,256.29</b>     | <b>19,865.76</b>     |
| <b>EQUITY AND LIABILITIES</b>                       |                      |                      |
| <b>Equity</b>                                       |                      |                      |
| Equity share capital                                | 1,378.75             | 1,378.75             |
| Other equity  |                      |                      |
| Securities premium                                  | 677.70               | 677.70               |
| Retained earnings                                   | (720.78)             | 1,231.19             |
| Other reserves                                      | 1,642.61             | 1,642.61             |
| Equity attributable to Equity shreholders of Parent | 2,978.28             | 4,930.25             |
| Non-controlling interest                            | 1,306.41             | 1,279.95             |
| <b>Total Equity</b>                                 | <b>4,284.69</b>      | <b>6,210.20</b>      |
| <b>Non-current liabilities</b>                      |                      |                      |
| Financial liabilities                               |                      |                      |
| Borrowings  | 1,888.63             | 1,702.11             |
| Other financial Liabilities                         | 3,734.07             | 3,731.98             |
| Deferred tax liabilities                            | 739.48               | 739.48               |
| Employee benefit obligations                        | 50.42                | 77.88                |
| Capital reserves on consolidation                   | 941.82               | 952.20               |
| <b>Current liabilities</b>                          |                      |                      |
| Financial liabilities                               |                      |                      |
| Trade payables                                      | 2,433.36             | 2,423.56             |
| Other financial liabilities                         | 4,185.87             | 4,011.45             |
| Employee benefit obligations                        | 7.91                 | 16.92                |
|   | <b>18,266.29</b>     | <b>19,865.76</b>     |

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

Rita Singh

Chairperson cum Managing Director

Place : New Delhi

Date : 07.12.2023

| Mideast Integrated Steels Limited                                  |                                      |            |                                      |            |
|--|--------------------------------------|------------|--------------------------------------|------------|
| Consolidated Cash Flow Statement for the year ended 31 March, 2023 |                                      |            |                                      |            |
|  | For the year ended<br>31 March, 2023 |            | For the year ended<br>31 March, 2022 |            |
|  | ₹ in Mn                              | ₹ in Mn    | ₹ in Mn                              | ₹ in Mn    |
| <b>A. Cash flow from operating activities</b>                      |                                      |            |                                      |            |
| Net Profit / (Loss) before extraordinary items and tax             |                                      | (1,937.98) |                                      | 3,885.71   |
| Adjustments for  |                                      |            |                                      |            |
| Depreciation and amortisation                                      | 660.75                               |            | 680.17                               |            |
| Finance costs  | 502.12                               |            | 350.80                               |            |
| Interest income  | (52.23)                              |            | (5.32)                               |            |
| Rental income  | 0.00                                 |            | (8.31)                               |            |
| Liabilities / provisions no longer required written back           | (220.46)                             |            | (2,176.77)                           |            |
| Adjustments for Prior period expenses                              | (226.31)                             |            |                                      |            |
| Adjustments for De recognition of liabilities                      |                                      |            | (2,887.20)                           |            |
|  |                                      | 663.87     |                                      | (4,046.64) |
| Operating profit / (loss) before working capital changes           |                                      | (1,274.11) |                                      | (160.92)   |
| Adjustments for (increase) / decrease in operating assets          |                                      |            |                                      |            |
| Inventories  | 253.17                               |            | (785.41)                             |            |
| Trade receivables  | (22.06)                              |            | (61.96)                              |            |
| Short-term loans and advances                                      | (169.13)                             |            | (218.17)                             |            |
| Long-term loans and advances                                       | 121.99                               |            | (64.48)                              |            |
| Other non-current assets   | 826.68                               |            | 264.52                               |            |
| Other current assets   | 262.04                               |            | (94.03)                              |            |
| Adjustments for increase / (decrease) in operating liabilities     |                                      |            |                                      |            |
| Trade payables   | 9.80                                 |            | (454.96)                             |            |
| Other current liabilities  | 43.45                                |            | 294.90                               |            |
| Other long-term liabilities  | 12.47                                |            | (864.44)                             |            |
| Short-term provisions  | (9.01)                               |            | 0.00                                 |            |
| Long-term provisions   | (27.45)                              |            | (0.00)                               |            |
|  |                                      | 1,301.95   |                                      | (1,984.04) |
| Cash generated from operations                                     |                                      | 27.83      |                                      | (2,144.96) |
| Net income tax (paid) / refunds                                    |                                      |            |                                      |            |
| Net cash flow from / (used in) operating activities (A)            |                                      | 27.83      |                                      | (2,144.96) |
| <b>B. Cash flow from investing activities</b>                      |                                      |            |                                      |            |
| Purchase/Sale of fixed assets including capital advance            | 210.15                               |            | 444.83                               |            |
| Rental receipt   | 0.00                                 |            | 8.31                                 |            |
| Interest received  | 52.23                                |            | 5.32                                 |            |
| (Investment in fixed deposit)/Proceeds from fixed deposits         | -5.78                                |            | 3.11                                 |            |
|  |                                      | 256.60     |                                      | 461.57     |
| Net cash flow from / (used in) investing activities (B)            |                                      | 256.60     |                                      | 461.57     |
| <b>C. Cash flow from financing activities</b>                      |                                      |            |                                      |            |
| Proceeds/(Repayment) of borrowings                                 | 317.50                               |            | 1,739.80                             |            |
| Finance cost   | (502.12)                             |            | (33.69)                              |            |
|  |                                      | (184.62)   |                                      | 1,706.11   |
| Net cash flow from / (used in) financing activities (C)            |                                      | (184.62)   |                                      | 1,706.11   |
| Net increase / (decrease) in Cash and cash equivalents (A+B+C)     |                                      | 99.82      |                                      | 22.72      |
| Cash and cash equivalents at the beginning of the year             |                                      | 165.17     |                                      | 142.45     |
| Cash and cash equivalents at the end of the year                   |                                      | 264.99     |                                      | 165.17     |

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

Rita Singh  
CMD  
DIN 00082263

Place : New Delhi  
Date : 07.12.2023

## **INDEPENDENT AUDITORS REPORT**

**To The Members of Mideast Integrated Steel Limited**

### **Report on the audit of Consolidated Financial Statements**

#### **Qualified Opinion**

1. We have audited the accompanying consolidated financial statements of M/s Mideast Integrated Steel ("the Company") which includes its subsidiary (the company and its subsidiary, together referred to as "the Group) which comprises the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (Including other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and the summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, *except for the effects of the matter described in the Basis for Qualified Opinion* section of our report, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (\*the Act) in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("IndAS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Company as at March 31, 2023, and total consolidated comprehensive loss (comprising of the loss and consolidated other comprehensive loss), Consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### **Basis for Qualified Opinion**

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

### **Qualifications In the Audit Report of the Holding Company-Mideast Integrated Steels Limited**

- 1) *The Company have Property, Plant and Equipment (PPE) amounting to Rs. 630.69 crores as on 31st March 2023 against which only list of assets have been provided and we have relied upon the values of the assets provided by the management. Periodical Physical verification has not been carried out. We have not verified the assets physically. Further, the Plant is not in operation for more than 4 year due to which the recoverable amount may be less than the carrying amount of PPE and also company has not performed the impairment testing as per Ind AS-36. Hence, we are not able to ascertain the carrying value of PPE and depreciation charged for the year. However, the management has provided the certified amount of WDV amounting to Rs. 630.69 crores as on 31.03.2023.*
- 2) *Company have fixed assets under capital work in progress amounting to Rs 24.46 crores as on 31st March 2023 which has not been capitalized since more than 6 years as the company is unable to complete the project.*
- 3) *The company has an investment of Rs. 179.88 crores in its subsidiary MaithanIspat Ltd. Management has not perform the impairment testing, Hence we are unable to comment on the carrying value as at the balance sheet date and the consequential impact on the profit/loss for the year had the company performed such impairment assessment. However as per the latest audited financials, the MaithanIspat Ltd has shown significant growth in the revenue for the year ended 31-3-23.*
- 4) *Company has inventory amounting to Rs. 56.50 crores as on 31st March 2023 which includes inventory of Raw Materials, Finished Goods and Stores and Spares Stock. Due to non-availability of sufficient information regarding quantity and value of inventory we are unable to comment upon the correctness of reported value of inventory. However, the company provided the certificate of physical verification of inventory by the management amounting to Rs. 56.50 crores as on 31 March 2023.*
- 5) *Company has total receivable of Rs 36.98 Crores (RP Receivable Rs. 26.11 Crores (Maithan 24.57 crores)), out of which major receivables has no movement. However, the company has neither made any provision for non- moving debtor nor initiating any litigation. Also, the impairment testing has not been performed, hence we cannot comment upon the actual recoverability from the reported trade receivable. Further, the balance confirmation has also not been received.*
- 6) *Balance confirmations have not been provided to us for bank accounts, loans and fixed deposits. However, in some cases company has provided the bank statements for our review. Further, physical copies of deposits has not been provided by the company. Hence, we cannot comment upon the genuineness of the deposits.*
- 7) *Further, The UCO Bank A/c no -17840210002803 has been closed by the Company in July 2021, however, the books of accounts still have the bank ledger along with the balance of Rs. 136466/.*



- 8) *There is an unpaid dividend amount of Rs 2.5 crores which pertains to financial year 2013-14. The same should have been transferred into Investor Education and Protection Fund, however, has not been done by the Company. This amount is yet kept in the Unpaid Dividend account with the bank.*
- 9) *During the Financial year the company has had transactions with its related parties, and has a net inter-company receivables being loans and advances given amounting to Rs.231.15 Crores as at 31st March 2023. The management has not carried out the impairment assessment as required by Ind AS 36.*

*Hence, we cannot comment on the carrying value of these receivables, along with the related impairment, if any, and consequential impact thereof on the profit/loss for the year, had the Company performed such impairment assessment.*

- 10) *Balances of Debtors, creditors, advances received from customers & advances given to supplier and deposits received & given are subject to confirmations and reconciliations. We could not verify the reported numbers due to non-availability of sufficient information and records. Hence, we cannot comment upon the correctness of the reported numbers..*
- 11) *As on 31st March, 2023 the company has Balances with government authorities amounting to Rs. 14.01 crores on account of deposit under Excise Act, VAT and Service Tax. In this regard, we have not been provided supporting document. Hence, We cannot comment on the deposits and its recoverability.*
- 12) *The has taken External Commercial Borrowing (ECB) from Banyantree Bank Ltd, Mauritius which became bad due to default in the repayment of loan and interest thereof. The Banyantree bank (Now Silver bank) has filed case before the NCLT against the MISL As per the NCLT order dated 31.05.2023, the MISL has agreed to pay the entire claimed amount of Rs. 12.97 crores plus interest and penalty therein. However, MISL has not made the provision for the difference amount which is required to be paid in addition to payable amount shown in the books.*
- 13) *The company has Unsecured loan from promoters amounting to Rs. 33.87 crores as on 31st March 2023, out of which Rs.27.97 crores is standing since long and no any details or information has been provided for our review and verification. Further, the terms and condition of the loan, repayment terms and loan agreement has not been provided.*
- 14) *MISL has advances received from customers amounting to Rs. 387.35 Crores (RP Advances Rs. 0. 72 Crores) as on 31st March, 2023. Out of which no movement in the major proportion of advances for more than 365 days. Since, the advances has not been appropriated against supply of goods or provision of services within a period of three hundred and sixty five days (365 days) from the date of acceptance of such advance. Hence, the same will be treated as deposit as per the As per the rule 2 (c) (xii) (a) of companies Act.*

*However, management has given certificate stating that advance amounting to Rs. 372.68 crores is under dispute and case is under sub-judice before Hon'ble High Court of Mumbai.*

*However, company has neither complied with the provision of deposits u/s 73 to 76 of Companies Act, 2013 nor met the disclosure of deposit in the form DPT-3, which needs to be file before ROC.*

- 15) The company has shown provision for employee benefit expenses mainly Gratuity and Leavee Encashment amounting to Rs. 5.02 crores as on 31st March 2023 against which basis of such provision and relevant document of employees has not been provided. Further, during the year company has reversed the provision of Rs. 3.08 crores out of the provision reported as on 31st March, 2022 amounting to Rs. 6.75 crores for Gratuity and Rs. 1.38 crores for leave encashment. However, basis for the reversal has not been provided for our verification.*

*Company does not have the actuarial valuation report. Hence, we cannot comment upon the correctness of reported numbers of the provisions and reversal thereof during the year.*

- 16) The company has Statutory due payable amounting to Rs. 80.19 crores as on 31st March, 2023. Company has not provided the sufficient information and supporting details against the liability of statutory dues, due to which we cannot comment upon the correctness of the reported numbers. Further, due to non-availability of adequate information of statutory we cannot comment upon the correctness of the reported Statutory liabilities in the financials.*

- 17) The company is generally not regular in depositing the statutory dues and making the compliance on time. The Goods & Service Tax (GST) returns have not been filed by the Company since November, 2020. Further, due to non-availability of proper records of filings of TDS, ESI/PF and other statutory returns, we cannot comment upon the actual position of default and future liability on account of such defaults in the filing of statutory returns.*

- 18) Disputed dues in respect of Central Excise, Service Tax, Sales Tax, Entry Tax, Income Tax & GST have not been deposited with appropriate authorities and no provision has been made for the same in the financials. Undisputed statutory dues in respect of Provident fund, employees' state insurance, Income Tax, TDS, Sales Tax, Service tax, Custom duty, Excise duty, Value added tax, Cess, GST and other statutory dues, if any, applicable to it, has not been deposited with the appropriate authorities. Further The Goods & Service Tax (GST) returns have not been filed by the Company since November 2020. We could not verify the details of statutory dues, due to non-availability of sufficient documents and information for the reporting period.*

- 19) In pursuance to the judgement dated 2nd August, 2017 of Honorable Supreme Court of India, in the matter of Writ Petition (Civil) No. 114 of 2014 between Common Cause v/s Union of India & Others, there is a compensation imposed of Rs 924.75 crores along with interest on the company for excess production of Iron Ore during 2000-01 to 2010-11. The Company was supposed to make the payment of this compensation along with the interest on or before 31st December 2017, failing which the mines of the Company are closed down wef 1st January 2018. The Company has filed a 'Curative petition' (Civil) on 28th March 2018, before the Honorable Supreme Court of India challenging the Judgement and which we have been informed is still pending. Hence, the company has not made provision for the same in the books of accounts. However, in our opinion since this compensation has been crystalized and accordingly, a provision for this liability should have been made in the books. Management has confirmed over mail that Rs. 415.79 crores has been deposited against the order.*

*Further, based on the financials company is not having any business activity to generate the*

revenue in future and also after considering the provision for the above liability the net worth of the company would be negative, considering the same company may not be a going concern.

- 20) The company has a net deferred tax liability in the books amounting to of Rs 73.95 crores as on 31<sup>st</sup> March 2023 against which the basis for the liability and supporting document/information has not been provided, due to which we cannot comment upon the correctness of the same.
- 21) Company has appointed Internal Auditor of the company vide letter dated 10-12-2022 as per the requirement of the Companies Act, read with Rule 13, However Internal audit reports were not made available to us for our review.
- 22) The expenses for Finance cost, Water charges and Electricity duty etc have not been fully provided for, in the books of accounts during the year, by the Company. In the absence of the quantum of these expenses, we are unable to determine the impact on the profit for the Company, had these expenses been fully provided for in the books for the year.

***Emphasis of Matter in the Audit Report of the Holding Company-Mideast Integrated Steels Limited***

- 1) An application under Section 9 of the Arbitration and Conciliation Act, 1996 (as amended) has been filed by SREI Equipment Finance Limited, in August 2021, in relation to a Loan-Cum-Hypothecation Agreement dated 8 September 2016, whereby the Company had taken a loan for purchase of a Metso Crusher 600 TPH Engine amounting to Rs.7.92 crores. The petitioner has claimed an outstanding sum of Rs.4.40 crores in the said application. The Company's books of accounts show a liability of Rs 3.60 crores as at 31<sup>st</sup> March, 2023. The matter was pending before Sole Arbitrator and by an order dated 11<sup>th</sup> August, 2023 the Learned National Company Law Tribunal (Kolkata Bench) has allowed a Resolution Plan filed by one NARCL (National Asset Reconstruction Company Limited). The matter is to be heard in the next hearing and the date of next hearing has not been received.
- 2) We draw attention to Note 30 of the financials, which describe Rs 718 crores plus interest, due to a party in respect of unreconciled amounts as per an arbitration award. The Company is disputing most of such claims and has filed an appeal against the arbitration award before the Bombay High Court. The same has been admitted by the High Court in December 2019. The matter is subjudice.
- 3) We have relied on the list of legal cases and the contingent liability, as given to us by the management. We are not aware of, nor have been informed of any other matter filed against the company. Further, company has provided guarantee in respect of obligations of a subsidiary company amounting to Rs. 782.95 crores against which actual financial position of the subsidiary has not been provided. Company has conveyed that, One Time Settlement (OTS) has been done with the consortium of Banks led by State Bank of India relating to the loan / facility that was availed by Maithan.

### **Qualifications In the Audit Report of the Subsidiary Company-MaithanIspat Limited**

- 1) *No direct bank confirmations for current / savings bank accounts and fixed deposits of the Company have been received. However, we have been provided with the bank statements / bank confirmations from the Company for the above for our verification.*
- 2) *Confirmation for the below fixed deposit has not been received by us:*

| <b>Srn</b> | <b>Bank Name</b>     | <b>Category</b>                          | <b>Closing Amount as per books (Rs)</b> |
|------------|----------------------|--|---|
| 1          | Punjab National Bank | Fixed deposit – BG – Aviation Department | 50,00,000                               |
| 2          | Punjab National Bank | Fixed deposit – BG – MCL Coal            | 18,597,600                              |

- 3) *Balances of Debtors, creditors, and advances received & given and deposits received & given are subject to confirmations and reconciliations.*
- 4) *The internal audit report, for the year ended 31st March 2023, has not been shared with us.*
- 5) *The inventory as on 31st March 2023, stands at Rs164 crores as per books of accounts. Out of this, we have not been given the stock records and inventory valuation working for Rs60.73 crores. Hence we cannot give our opinion on the correctness of the valuation of inventory with respect to Rs 60.73 crores included in the inventory in financials.*
- 6) *In our opinion, a provision of Rs18.61 crores (Rs23.76 crores in March 2022) for doubtful debts needs to be made against the old non moving debtor & supplier balances (where advances have been given by the Company) as on 31st March 2023.*
- 7) *The Company has shown Rs 8.36 crores receivable from State Bank of India. However no documentation or confirmation has been received by us in respect of the same. This has been included as an asset in the financials under Other Bank Balances (Note 9(iii))*
- 8) *During the year, the Company has written back liability pertaining to creditors, amounting to Rs 21.38 crores, on account of these being more than 3 years old. However, we have not received any balance confirmations from these parties.*

### **Emphasis of Matter in the Audit Report the Subsidiary Company-MaithanIspat Limited**

*The Company had done a One Time Settlement (OTS) with the consortium of Banks led by State Bank of India. The Consortium of Banks has given their No Dues Certificate and has confirmed that no dues are recoverable from the Company, with respect to these 0.10% Cumulative redeemable preference shares. However, the financials still show the liability for 0.10% Cumulative redeemable preference shares of Rs 127.63 crores, as on 31st March 2023, under non current “Other financial liabilities”.*

1. *The 10% Cumulative redeemable preference shares of Rs 30 crores, as on 31st March 2023, have been valued based on a third party valuation report based on the present values of the liability using the discounted cash flows taking the discounting rate as 12%. This valuation report has been provided to us by the Company and we have relied on this report. We have not conducted any independent review of the valuation as provided. The interest / dividend due on the above CRPS*



*have been accounted for in the books as on 31st March 2023.*

- 2. Income tax returns for the Company have not been filed for the financial years ended 31<sup>st</sup> March 2020 & 31<sup>st</sup> March 2021.*
- 3. We have relied on the list of legal cases and the related contingent liability, as given to us by the management. We are not aware of, nor have been informed of any other matter filed against the company.*

### **Key Audit Matters**

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

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statement does not cover the other information and we do not express any form of assurance conclusion thereon.

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

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

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

### **Responsibility of Management and Board of Director for the consolidated annual financial results**

These consolidated annual financial results have been prepared on the basis of the consolidated Ind AS financial statements.

The Company's Management and the Board of Directors are responsible for the preparation and presentation of these consolidated annual financial results that give a true and fair view of the net profit/(loss) and other comprehensive income and other financial information in accordance with the recognition and measurement principles laid down in Indian Accounting Standards prescribed under Section 133 of the Act and other accounting principles generally accepted in India and in compliance with Regulation 33 of the Listing Regulations. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act; for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation

and presentation of the consolidated annual financial results that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual financial results, the Management and the Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Consolidated Annual Financial Results**

Our objectives are to obtain reasonable assurance about whether the consolidated annual financial results as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated annual financial results.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual financial results, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion whether the Company has adequate internal financial controls with reference to consolidated annual Ind AS financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated annual financial results made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual financial results or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated annual financial results, including the disclosures, and whether the consolidated annual financial results represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the consolidated annual financial results that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone annual financial results may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone annual financial results.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of change in Equity and Cash Flow Statement dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under section 133 of the Act, read with Rule 7 of the Company (Accounts) Rule, 2014.

e) On the basis of written representations received from the directors as on 31 March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2023, from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, in our opinion and to the best of our information and according to the explanations given to us, the Group, have, in all material respects, internal financial controls system over financial reporting however they need to be strengthened, as at March 31, 2022, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:-

In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with the provision of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rule, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us, *subject to the qualified opinion given above:-*

i. The Company has disclosed the impact of pending litigations on its financial position in the consolidated financial statement.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There has been a delay in transferring amounts to the Investor Education and Protection Fund by the Company, of Rs. 2.50 crores pertaining to the unpaid dividends for the financial year 2013-14.

iv.a. The management has represented that, to the best of its knowledge and belief, to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediaries shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

b. The management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

c. Based on such audit procedures, we have considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

v. The Company has not declared and paid any dividend during the year. Therefore, reporting in this regard is not applicable to the Company.

**For Ashok Shyam & Associates**  
**Chartered Accountants**  
**Firm Registration No011223N**

**(Ashok B Gupta)**  
**Partner**  
**M. No.089858**

**UDIN: 23089858BGUZEX8397**

Date :07.12.2023  
Place:New Delhi