



**MESCO STEEL**  
Partnering Progress

**MESCO STEEL**  
MIDEAST INTEGRATED STEELS LTD.

**20<sup>TH</sup> ANNUAL REPORT**  
**2012-2013**



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# **20<sup>TH</sup> ANNUAL REPORT**

## **2012-2013**

**MIDEAST INTEGRATED STEELS LTD.**





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## VISION OF MIDEAST INTEGRATED STEELS LIMITED

“Mesco Group commits to the brick and mortar sectors of economy which promote nation building. Our core competence is therefore in steel, minerals, cement and low cost housing. In all these sectors we will strive to be the most efficient producer and be among the top five companies in the countries we operate in by creating value for the stakeholders. We will constantly strive to pursue opportunities in these sectors and promote establishment of cooperative enterprises for the development of society”

## NOTICE

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of the Members of Mideast Integrated Steels Ltd. will be held on Monday, the 30<sup>th</sup> September, 2013 at 10.30 am at LUTYENS', 222/223, New Mangla Puri, Mehrauli Gurgaon Road, (Near Metro Pillar No.13), New Delhi-110 030, to transact the following business.

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2013 and Profit and Loss Statement for the year ended on that date together with the Reports of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the Financial Year ended 31<sup>st</sup> March, 2013.
3. To appoint a Director in place of Mr. Debi Prasad Bagchi, who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mr. Sanjiv Batra, who retires by rotation and being eligible offers himself for re-appointment.
5. To appoint M/s Todarwal & Todarwal, Chartered Accountants and Sangram Paul & Co., Chartered Accountants, (the retiring auditors), as Joint Statutory Auditors of the Company and to fix their remuneration and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to section 224, 225 of the Companies Act, 1956, M/s Todarwal & Todarwal, Chartered Accountants and Sangram Paul & Co., Chartered Accountants, (the retiring auditors), be and are hereby appointed as Joint Statutory Auditors of the Company, to hold office from the conclusion of this meeting until the conclusion of the next Annual General Meeting of the Company on a remuneration as may be decided by the Board of Directors in consultation with the Joint Statutory Auditors.

### SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modifications, the following as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** Mr. Dipak Chatterjee, who was appointed as an Additional Director of the Company pursuant to section 260 of the Companies Act, 1956 and Article 137 of the Articles of Association of the Company and who holds office up to the date of ensuing Annual General Meeting, be and is hereby appointed as Director of the Company, liable to retire by rotation.”

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

“**RESOLVED THAT** in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the board of directors (hereinafter referred to as the “Board” and which the term shall include any committee thereof), to revise the terms and conditions of the appointment of Mrs. Rita Singh, Chairperson and Managing Director of the company, by making the provisions for the payment of remuneration w.e.f. April 1, 2013 for the remaining period of her tenure as mentioned in the explanatory

statement annexed hereto.

**RESOLVED FURTHER THAT** wherein any financial year, the company has no profits or its profits are inadequate, Mrs. Rita Singh, subject to the approval of Remuneration Committee of the Directors of the company, shall be paid such remuneration not exceeding the ceiling limits specified under Schedule XIII of the Companies Act, 1956 and subject to approval of the Central Government, wherever required.

**RESOLVED FURTHER THAT** the Board be and is also hereby authorized to alter/decide the remuneration form time to time as may be required to the extent the Board may consider appropriate in accordance with the applicable provisions of the Companies Act, 1956, and any rules, regulations and schedules made there under for the time being in force.”

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

“**RESOLVED THAT** in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the board of directors (hereinafter referred to as the “Board” and which the term shall include any committee thereof), to revise the terms and conditions of the appointment of Mrs. Natasha Singh Sinha, Whole Time Director of the company, by making the provisions for the payment of remuneration w.e.f. April 1, 2013 for the remaining period of her tenure as mentioned in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** wherein any financial year, the company has no profits or its profits are inadequate, Mrs. Natasha Singh Sinha, subject to the approval of Remuneration Committee of the Directors of the company, shall be paid such remuneration not exceeding the ceiling limits specified under Schedule XIII of the Companies Act, 1956 and subject to approval of the Central Government, wherever required.

**RESOLVED FURTHER THAT** the Board be and is also hereby authorized to alter/decide the remuneration form time to time as may be required to the extent the Board may consider appropriate in accordance with the applicable provisions of the Companies Act, 1956, and any rules, regulations and schedules made there under for the time being in force.”

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

“**RESOLVED THAT** in accordance with the provisions of Schedule XIII read with Sections 198, 269, 309, 310 and other applicable provisions, if any, of the Companies Act, 1956, consent of the company be and is hereby accorded to the board of directors (hereinafter referred to as the “Board” and which the term shall include any committee thereof), to revise the terms and conditions of the appointment of Mr. J. K. Singh, Whole Time Director designated as Chairman – Emeritus of the company, by making the provisions for the payment of remuneration w.e.f. April 1, 2013 for the remaining period of his tenure as mentioned in the explanatory statement annexed hereto.

**RESOLVED FURTHER THAT** wherein any financial year, the company has no profits or its profits are inadequate, Mr. J. K. Singh, subject to the approval of Remuneration Committee of the Directors of the company, shall be paid such remuneration not exceeding the ceiling limits specified under Schedule XIII of the Companies Act, 1956 and subject to approval of the Central Government, wherever required.

**RESOLVED FURTHER THAT** the Board be and is also hereby authorized to alter/decide the remuneration from time to time as may be required to the extent the Board may consider appropriate in accordance with the applicable provisions of the Companies Act, 1956, and any rules, regulations and schedules made there under for the time being in force.”

10. To consider and if thought fit, to pass with or without modifications, the following as an **ORDINARY RESOLUTION:**

**To Authorise Board of Directors under Section 293 (1) (d);**

"**RESOLVED THAT**, in super session of the earlier resolution passed in this behalf by the members, pursuant to section 293(1)(d) and other applicable provisions of the Companies Act, 1956, consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company for borrowing from time to time any sum or sums of moneys on such terms and conditions and with or without security as the Board of Directors may think fit which, together with the moneys already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business), may exceed the aggregate for the time being of the paid-up capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of money/moneys so borrowed by the Board shall not at any time exceed the limit of Rupees 5000 crores (Rupees Five Thousand Crores only).

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to do and perform all such acts, deeds and things as may be necessary, desirable or expedient to give effect to this Resolution.”

11. To consider and if thought fit, to pass with or without modifications, the following as an **ORDINARY RESOLUTION:**

**To Authorise Board of Directors Under Section 293 (1)(a);**

"**RESOLVED THAT**, in super session of the earlier resolution passed in this behalf by the members, the consent of the Company be and is hereby granted in terms of section 293(1)(a) and all other applicable provisions of the Companies Act, 1956, (including any statutory modification or re-enactment thereof, for the time being in force), to the Board of Directors (hereinafter referred to as “the Board” which term shall be deemed to include any Committee which the Board may constitute for this purpose) to mortgage and/or charge, in addition to the mortgages/charges created/to be created by the Company, in such form and manner and with such ranking and at such time and on such terms as the Board may determine, on all or any of the moveable and/or immoveable properties of the Company, both present and future and/or the whole or any part of the undertaking(s) of the Company together with the power to take over the management of the business and concern of the Company in certain events of default, in favour of the Lender(s), Agent(s) and Trustee(s)/Trustee(s), for securing the borrowings availed/to be availed by the Company and/or any of the Company’s holding/subsidiary/affiliate/associate company, by way of loan(s) (in foreign currency and/or rupee currency) and Securities (comprising fully/partly Convertible Debentures and/or Non Convertible Debentures with or without detachable or non-detachable Warrants and/or secured premium notes and/or floating rates notes/bonds or other debt instruments), issued/to be issued by the Company, from time to time, subject to the limits approved under Section 293(1)(d) of the Companies Act, 1956, together with interest at the respective agreed rates, additional interest, compound interest in case of



default, accumulated interest, liquidated damages, commitment charges, premia on prepayment, remuneration of the Agent(s)/Trustees, premium (if any) on redemption, all other costs, charges and expenses, including any increase as a result of devaluation/revaluation/fluctuation in the rates of exchange and all other monies payable by the Company in terms of the Loan Agreement(s)/Heads of Agreement(s), Debenture Trust Deed(s) or any other document, entered into/to be entered into between the Company and the Lender(s)/Agent(s) and Trustee(s)/Trustee(s), in respect of the said loans/borrowings/debentures and containing such specific terms and conditions and covenants in respect of enforcement of security as may be stipulated in that behalf and agreed to between the Board of Directors or Committee thereof and the Lender(s)/Agent(s) and Trustee(s)/Trustee(s).

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and/or its duly constituted Committee be and are hereby authorized to finalize, settle and execute such documents/deeds/writings/papers/ agreements as may be required and do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in regard to creating mortgages/charges as aforesaid.”

12. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **SPECIAL RESOLUTION**.

To appoint Mr. H. R. Rao at Office or Place of Profit under section 314 of the Companies Act, 1956;

“**RESOLVED THAT** pursuant to the provisions of Section 314 and other applicable provisions, if any, of the Companies Act, 1956 including any statutory modifications or re-enactment thereof, consent and approval of the Company be and is hereby accorded to Mr. R. Hanumantharao, Director of the Company, to hold and continue to hold office or place of profit in the Company, as Professional advisors & Consultants w.e.f. 01st April, 2013 for a period of five years, on such remuneration and such terms and conditions as may be decided by the Board, subject to an overall limit of Rupees One Lacs per month or Rupees Twelve Lacs per annum”.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to decide in overall limits specified in this regard, the exact remuneration to be paid to Mr. R. H, Rao, terms and conditions of appointment from time to time and to do all such acts, deeds, matters and things, make and execute all applications, writing and instruments as the Board may in its absolute directions deem necessary or desirable and delegate the said authority to any person(s) as the Board may deem fit in its discretion for the purpose of giving effect to this resolution without being required to seek any further consent or approval of members or otherwise, with the invert that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.”

**By order of the Board**

**For Mideast Integrated Steels Ltd.**

**Date : 14.08.2013**

**Place: New Delhi**

Rita Singh

Chairperson cum Managing Director

**NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution in original authorising their representative to attend and vote on their behalf at the Meeting.
3. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
4. An Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, relating to the Special Businesses to be transacted at the Meeting is annexed hereto.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11 a.m. and 1 p.m. up to the date of the Meeting.
8. The Company has notified closure of Register of Members and Share Transfer Books from 23<sup>rd</sup> September, 2013 to 30<sup>th</sup> September, 2013 (both days inclusive).
9. Non-Resident Indian members are requested to inform the Company's Registrars and Transfer Agents, M/s. Skyline Financial Services Private Limited, immediately of:
  - (a) The change in the residential status on return to India for permanent settlement;
  - (b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.
10. Consequent upon the introduction of Section 109A of the Companies Act, 1956, shareholders are entitled to make nomination in respect of shares held by them in physical form. Shareholders desirous of making nominations are requested to send their requests in Form 2B (which will be made available on request) to the Registrar and Transfer Agents, M/s. Skyline Financial Services Private Limited.
11. Re-appointment of Directors:

At the ensuing Annual General Meeting, Mr. Debi Prasad Bagchi and Mr. Sanjiv Batra, retire by rotation and being eligible offer themselves for re-appointment. As per the provisions of Clause 49 (IV) (G) of the Listing Agreement with the Stock Exchanges, the information or details pertaining to these Directors are furnished in the statement on Corporate Governance published in this Annual Report.

12. After declaration of dividend, if any, at the Annual General Meeting, the dividend Warrants/ Pay Orders/ Drafts for the dividend amount are scheduled to be posted from onwards to the members, whose names appear on the Register of Members on close of business hours on 22<sup>nd</sup> September, 2013 in respect of shares held in dematerialized form, the dividend will be paid on the basis of beneficial ownership, as per details to be furnished for this purpose by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).
13. The dividend will be paid through NECS in respect of shareholders having demat accounts, to the credit of related bank accounts as furnished by the depositories. Members who desire the warrants and would like to have their bank accounts details incorporated in their dividend warrants may please furnish the following details;
  - i. Folio No./DP ID/ Client ID
  - ii. Name and Address of sole/ first shareholder.
  - iii. Bank Account No. (With prefix SB/ CAetc.).
  - iv. Name of the bank and branch.
  - v. Full address of the bank with Pin Code.
14. The Ministry of Corporate Affairs, New Delhi ("MCA") has taken a "Green Initiative" in the Corporate Governance by permitting paperless compliances by companies (vide its Circular No. 17/2011 dated April 21, 2011 and Circular No. 18/2011 dated April 29, 2011) and clarified that the service of documents/communications including the Notice of calling the Annual General Meeting, audited financial statements, directors' report, auditors' report etc. via electronic mode by a company can be made through electronic mode instead of sending the physical copy of the document(s). Henceforth, the email addresses indicated in your respective Depository Participants (DP) accounts which will be periodically downloaded from Depositories will be deemed to be your registered email address for serving notices/documents including those covered under Section 219 of the Companies Act, 1956. The Notice of AGM and the copies of audited financial statements, directors' report, auditors' report etc. will also be displayed on the website of the company and the other requirements of the aforesaid MCA circular will be duly complied with. Members holding shares in electronic mode are therefore requested to ensure to keep their email addresses updated with the Depository Participants. Members holding shares in physical mode are also requested to update their email addresses by writing to the Registrar and Transfer Agent of the company at Skyline Financial Services (P) Ltd., D-153/A, 1<sup>st</sup> Floor, Okhla Industrial Area Phase-I, New Delhi-110 020.quoting their Folio No(s).
15. Shareholders are advised to encash their dividend warrants pertaining to Dividend declared by the Company for the Financial Year 2011-12 immediately as the dividend amount remaining unclaimed/ unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the company to the Investor Education and Protection Fund established under section 205C in terms of section 205A of the Companies Act, 1956.

It may be noted that no claim will lie against the company or the investor education and protection fund in respect of the said unclaimed dividend amount transferred to the fund.

**EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956**

**ITEM NO. 6: APPOINTMENT OF MR. DIPAK CHATTERJEE, AS DIRECTOR**

Mr. Dipak Chatterjee, was appointed as additional director by the Board with effect from 23<sup>rd</sup> January, 2013. In terms of Section 260 of the Act and Article 137 of the Company's Articles of Association, Mr. Dipak Chatterjee, holds office as Director only till the date of the forthcoming Annual General Meeting, but is eligible for appointment. Notices have been received from members as required by Section 257 of the Act, signifying their intention to propose the candidatures of Mr. Dipak Chatterjee, for the office of Director.

Mr. Dipak Chatterjee holds degree of M.Sc. Economics from University College of Swansea, Wales, U. K., M. Sc. Physics (1st) and B.Sc. Physics (1st). He joined the IAS in 1966 and served in different assignment with the Government of India and State Government. He is having more than 40 years of experience.

The Board of Directors has recommended the proposed resolution set out in item no. 6 of this notice for your approval by way of special resolution.

Except Mr. Dipak Chatterjee, no other Director is concerned or interested in the proposed resolution.

**ITEM NO. 7: REVISION IN REMUNERATION OF MRS. RITA SINGH, MANAGING DIRECTOR**

Mrs. Rita Singh personally overlooks the overall business operation of the Company. Her conviction coupled with strong marketing abilities and zeal to lead the team professionally in overall interest of the Company has ensured continual & Consistent rapid growth of the Company.

Mrs. Rita Singh was reappointed as Managing Director of the Company with effect from 01st August, 2012 for a further period of five years. However, the Board of Directors in their meeting held on August 14, 2013, has decided to bring her remuneration in line with the overall salary structure at similar levels in the Company as well as in the Industry. The remuneration payable to Mrs. Rita Singh and other terms and conditions is as detailed below.

**A. Salary**

Rs. 22 Lakhs per month.

**B. Perquisites**

- i. Housing - Rent free accommodation, subject to ceiling of Rs. 5 Lakhs per month
- ii. Chauffer Driven Car - Leased by the company
- iii. Leave Travel concession - For Self and family as per company rules/policy
- iv. Medical reimbursement - Limited to one month salary per year
- v. Club Facility - Membership of maximum of 2 clubs

- vi. Entertainment Expenses - Actual
- vii. Provident Fund, Gratuity, Encashment of leave and other terminal benefits as per company policy and statutory requirements.

**C. Other Perquisites**

Use of the company car, telephone, travelling expenses etc. for use for companies business

**D. Commission**

Commission of 1% of Net Profits of the company as computed under section 198, 309,349 and 350 of the companies Act, 1956 or any other statutory modification or any orders of the Board if applicable

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Mrs. Rita Singh pursuant to Section 302 of the Companies Act, 1956.

Mrs. Rita Singh is interested in the resolutions that pertain to change in terms of her appointment and remuneration payable to her. Further, Mrs. Natasha Singh Sinha and Mr. J. K. Singh may also be deemed to be interested in the resolution, as they are related to Mrs. Rita Singh. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Your Directors commend the resolutions set out at Item Nos. 7 of the Notice for your approval.

**ITEM NO. 8 REVISION IN REMUNERATION OF MRS. NATASHA SINGH SINHA, WHOLE TIME DIRECTOR**

Mrs. Natasha Singh Sinha was reappointed as Whole Time Director of the Company with effect from 01st April, 2012 for a further period of five years. However, the Board of Directors in their meeting held on August 14, 2013 has decided to bring her remuneration in line with the overall salary structure at similar levels in the Company as well as in the Industry. The remuneration payable to Mrs. Natasha Singh Sinha and other terms and conditions is as detailed below.

**A. Salary**

Rs. 15 Lakhs per month

**B. Perquisites**

- i. Housing - Rent free accommodation, subject to ceiling of Rs. 5 Lakhs per month
- ii. Chauffeur Driven Car – Subject to Maximum of Rs. 30,000 per month
- iii. Leave Travel concession – For Self and family as per company rules/policy
- iv. Medical reimbursement – Limited to one month salary per year
- v. Club Facility – Membership of maximum of 2 clubs
- vi. Entertainment Expenses – Actual
- vii. Provident Fund, Gratuity, Encashment of leave and other terminal benefits as per company policy and statutory requirements

**C. Other Perquisites**

Use of the company car, telephone, travelling expenses etc. for use under company's business.

**D. Commission**

Commission of 0.50% of Net Profits of the company as computed under section 198, 309, 349 and 350 of the companies Act,1956 or any other statutory modification or any orders of the Board if applicable.

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Mrs. Natasha Sinha pursuant to Section 302 of the Companies Act, 1956.

Mrs. Natasha Singh Sinha is interested in the resolutions that pertain to change in terms of her appointment and remuneration payable to him. Further, Mrs. Rita Singh and Mr. J. K. Singh may also be deemed to be interested in the resolution, as they are related to Mrs. Natasha Sinha. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Your Directors commend the resolutions set out at Item Nos. 8 of the Notice for your approval.

**ITEM NO. 9: REVISION IN REMUNERATION OF MR. J. K. SINGH, WHOLE TIME DIRECTOR**

Mr. J. K. Singh was reappointed as Whole Time Director of the Company with effect from 01st April, 2012 for a further period of five years. However, the Board of Directors in their meeting held on August 14, 2013 has decided to bring his remuneration in line with the overall salary structure at similar levels in the Company as well as in the Industry. The remuneration payable to Mr. J. K. Singh and other terms and conditions is as detailed below.

**A. Salary**

Rs. 22 Lakhs per month

**B. Perquisites**

- a. Housing - Rent free accommodation, subject to ceiling of Rs. 5 Lakhs per month
- b. Chauffeur Driven Car – Subject to maximum limit of Rs. 50,000 per month
- c. Leave Travel concession – For Self and family as per company rules/policy
- d. Medical reimbursement – Limited to one month salary per year
- e. Club Facility – Membership of maximum of 2 clubs
- f. Entertainment Expenses – Actual
- g. Provident Fund, Gratuity, Encashment of leave and other terminal benefits as per company policy and statutory requirements

**C. Other Perquisites**

Use of the company car, telephone, travelling expenses etc. for use for Company business.

The above may also be treated as an abstract of the terms of the contract/agreement between the Company and Mr. J. K. Singh pursuant to Section 302 of the Companies Act, 1956.

Mr. J. K. Singh is interested in the resolutions that pertain to change in terms of his appointment and remuneration payable to him. Further, Mrs. Rita Singh and Mrs. Natasha Singh Sinha may also be deemed to be interested in the resolution, as they are related to Mr. J. K. Singh. Save and except the above, none of the other Directors of the Company is, in any way, concerned or interested in the resolution.

Your Directors commend the resolutions set out at Item Nos. 8 of the Notice for your approval.

**ITEM NO.10: TO AUTHORISE BOARD OF DIRECTORS UNDER SECTION 293 (1)(A)**

Your Company is in the Business of the extracting the mineral ore / pig iron / mining / steel, and in view of present scenario & conditions of the market, it is proposed to expand the present business and may diversify the business activities by exploring the business opportunities to achieve the Company's Objects. In accordance the Company may require approach to borrow funds for such purposes, from the various banks, Financial Institution's, NBFC's, or other lenders / project financiers etc.

Therefore, your Board of Directors proposes a resolution authorising Board to borrow loans upto maximum of Rs. 5,000 crores, in order to borrow loans from Banks, institutions, etc. the Board needs authorisation to mortgage/hypothecate the assets of the company as security/collateral security.

In order to mortgage or hypothecate the assets of the company the consent of the shareholders in the General Body Meeting is required under section 293(1)(a) of Companies Act, 1956 authorising the Board of Directors with necessary powers.

The Board therefore recommends the proposed resolution. None of the Directors of the company are interested or concerned in any way in the resolution.

**ITEM NO.11: TO AUTHORISE BOARD OF DIRECTORS UNDER SECTION 293 (1)(D)**

Your Company is in the Business of the extracting the mineral ore / pig iron / mining / steel, and in view of present scenario & conditions of the market, it is proposed to expand the present business and may diversify the business activities by exploring the business opportunities to achieve the Company's Objects. In accordance the Company may require approach to borrow funds for such purposes, from the various banks, Financial Institution's, NBFC's, or other lenders / project financiers etc.

Therefore, your Board of Directors proposes a resolution authorising Board under Section 293(1) (d) of the Companies Act, 1956, which requires the consent of the Members in the General Meeting for authorising the Board of Directors to borrow monies (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) in excess of the aggregate of the paid-up capital and free reserves.

None of the Directors of the Company is concerned or interested in this resolution.

**ITEM NO.12: TO APPOINT MR. R. HANUMANTHA RAO AT OFFICE OR PLACE OF PROFIT UNDER SECTION 314 OF THE COMPANIES ACT, 1956**

The Board of Directors of the Company in its meeting held on 22<sup>nd</sup> May, 2013 appointed Mr. R. Hanumantharao, Director of the Company, to hold and continue to hold an office or place of profit as Professional advisors and consultants, on remuneration as setout in the resolution proposed, is subject to the approval of members of the Company.

Mr. R. Hanumantharao, is a B. E. Mining from Jodhpur University and M. Sc. Mining Planning

from Banaras University. He has also done I and II Class Mines Manager Certificate of Competency Board of Mining Examinations, DGMS, Dhanbad. He has more than 42 years of work experience in mining like worked in the deepest mines of the World, Development of virgin limestone deposit into a producing mine of 1.8 million tonnes per annum.

The Board of Directors has recommended the proposed resolution set out in item no. 9 of this notice for your approval by way of special resolution.

Except Mr. R. Hanumantharao no other Director is concerned or interested in the proposed resolution.

**By order of the Board  
For Mideast Integrated Steels Ltd.**

Date : 14.08.2013

Place: New Delhi

Rita Singh

Chairperson cum Managing Director





## Chairperson and Managing Director's Statement

**Dear Shareholders,**

I am happy to announce that your company has yet again delivered impressive performance for the fourth consecutive year. In the past year the industry has gone through some troubled times. The economic situation, globally, has not looked up from the last year and is further exacerbated by the unrest in the Middle East and the fiscal cliff in the United States. This has clearly had an impact on the domestic economy and markets in India with growth rates falling way under projected numbers. Mining and steel industry in particular was straddled with lack of demand and interruptions in operations due to various reasons. Our impressive performance against the tide is therefore especially commendable and I want to congratulate the entire Mesco family of colleagues who have worked in a concert of dedicated effort in the direction of growth to achieve these results.

With these results, your company has delivered consistently high performance in the past 4 years with a growth rate in PAT of over 100% year on year as we continue our focus on delivering value to our stakeholders.

### **Financial Outcomes**

As I have already said above, we continue to deliver high growth in performance. This year our sales have gone up by more than 33% to ₹ 7288 million and PAT has increased to ₹ 1,404 million, an increase of over 55% from the past year. Last year we paid out our maiden dividend of 5%, and this year, to underscore that our high performance has come under difficult circumstances, I am recommending a dividend of 7.5%.

All our employees have contributed immensely in achieving this stellar performance through hard work and tenacity of purpose. On behalf of the board I thank our employees for their achievements.

### **Operational Excellence**

The business was strongly supported by performance in the plant and mines as we achieved all round higher production. While hot metal production doubled from last year, the production from mines also exceeded from the previous year despite losing almost half of the year's production. We commissioned one line of sinter plant last year and the production of sinter this year has further increased by 16% resulting in a drop of coke rate by 11%. Hot metal to pig iron yield has also gone up this year to above 92% from 89% denoting efficiency of operations. Our captive power production increased by more than 165% resulting in substantial cost reduction.

Our mines were shut for almost 6 months in this year due to regulatory issues in Odhisha. Despite this, our sales from iron ore have remained at previous year's level thereby denoting a doubling of production and sales on an annualized basis year on year.

## **Growth and Expansion**

I am pleased to announce that riding on strong and consistent performance over the last four years, MISL is firmly launching into a major growth and expansion phase to position itself as a leading player in steel and mining industry. This is consistent with the company's philosophy of becoming one of India's major fully integrated steel company's.

The current expansion plan is to take the finished steel capacity at Kalinga Nagar to 3.5 million tonnes in 2 phases. The strength of the expansion plan lies in our competitive advantages. Apart from our iron ore mine in Roida, Mesco Group has secured a mining lease over 1500 hectares in Malangtoli, Odisha. In pursuance of being fully self reliant on all raw materials, the company has secured an allocation of a coking coal block in Chindwara, Madhya Pradesh. Currently forest and environment clearances for the coal block are being obtained. This coal block will be able to partially meet coking coal requirement of the steel operations, while we are actively pursuing opportunities to acquire coking coal assets in Australia, Mozambique, Mongolia, United States and Canada. The company is developing a limestone and dolomite mine in Katni, Madhya Pradesh.

In order to accelerate growth, the company is also actively scouting opportunities for inorganic growth through M&A in companies which provide a strategic fit. With the objective of reviving the profitability of companies in the steel industry which have fallen in bad times due to depressed markets, we are in discussions with the financiers and promoters of such distressed assets to acquire a significant stake to turn them around on account of operational synergies.

## **Outlook for the Next Year**

Steel industry went through a very turbulent time in 2012-13 and I draw confidence from what we have achieved under such circumstances. We believe that the demand has bottomed out and in 2013-14 we should see a steady revival of demand for steel and steel making raw materials. Therefore the next year will be very positive for the company.

The company is on course to start its second revamped blast furnace along with the second line of sinter plant. This would significantly boost the hot metal and pig iron production for the year. Gains from private siding in the steel plant would also get captured in the overall performance.

The company is hopeful that the regulatory hurdles have been crossed last year and there shall be no hold-up in production at the mine due to such issues. Continuous operations at the mine will further give a boost to production at the mine in the next year. We hope to break previous records of production both at the plant and the mine.

The domestic prices are likely to firm up resulting in better realization than last year. Export duty on iron ore continues to remain at very high level of 30% making exports less attractive but the company is keeping a close watch on the overseas iron ore markets and government policies for liberalizing export of iron ore.



During the year dolomite and limestone mine at Katni would also start production giving further advantage to the company.

Due to depreciating rupee, the cost of imported coking coal may go up however this is likely to get partially offset by softening of coking coal prices in the international market. Further, if exporting iron ore becomes an attractive option it will offer a natural hedge against the falling rupee. In any case, your company has the resilience to withstand global headwinds.

We will continue our focus on productivity enhancement and controlling costs all round. Our efforts at bringing down the coke rate has begun to show results. Operationalization of sintering units, railways siding in the plant and revamp of the second blast furnace and power plant will combine together in improving efficiencies. Similarly steps are being taken to improve dispatches from the mine to raise the throughput of the mine.

### **Corporate Social Responsibility.**

Mesco has always been at the forefront in benefiting the local communities in and around its areas of operations. We have earned the trust of local community over the years through community service in the areas of healthcare, education and infrastructural development. Social upliftment of the tribal and economically backward is at the core of our business philosophy.

Your company contributes to the community in the areas of healthcare, education and infrastructural development. We provide vital medical care equipments. Health camps are organised in villages for providing basic medical care and also create awareness about hygiene and methods for prevention of diseases. We are engaged in providing tube wells, construction of concrete roads, construction of boundary wall for the school and providing water supply to the nearby villages. We also provide qualified teachers to the schools in the community and regularly sponsor students for higher education.

During the year your company has spent about ₹ 9 million on benefiting the communities through various programs.

To conclude, your company is on a robust growth path that has the basis in consistently strong performance, which has placed us in a position to deliver shareholder value on a sustained basis.

New Delhi  
14.08.2013

Rita Singh  
Chairperson and Managing Director

**DIRECTORS' REPORT****TO****The Members****MIDEAST INTEGRATED STEELS LTD.**

Your Directors have pleasure to presenting the 20<sup>th</sup> Annual report together with the Audited Statement of Accounts for the year ended 31st March 2013.

**Financial Highlights**

<b>FINANCIAL RESULTS</b>	<b>Current Year 2012-13 ₹ in Mn</b>	<b>Previous Year 2011-12 ₹ in Mn</b>
Income	7552.18	5505.86
Profit Before Depreciation	2036.77	1468.65
Less: Interest/Finance Cost	19.00	61.59
Less: Depreciation	457.65	351.97
<b>Profit After Depreciation</b>	1560.12	1055.09
Less: Provision for Taxation	-	0.95
Less: Provision for Deferred Tax	155.69	151.46
<b>Profit after Taxation</b>	1404.43	902.68
<b>Appropriations / Adjustments</b>		
Balance of profit / (loss) brought forward	143.02	(679.54)
Profit for the Year	1404.43	902.68
Proposed Final Dividend	103.41	68.94
Corporate Dividend Tax (including cess and surcharge)	17.57	11.18
<b>Profit carried to Balance Sheet</b>	1426.47	143.02

**DIVIDEND**

Your Directors recommended a dividend of Rs. 0.75 i.e. 7.5% per equity share of ₹ 10/- each. The dividend distribution will result in a cash outgo of ₹ 120.98 million (including tax on dividend of ₹ 17.57 Million).

**PERFORMANCE**

Your Company recorded an impressive performance for the year ended March 31, 2013. It



scaled new heights in terms of sales and profits. Net sales stood at ₹ 7552.18 million were 37% higher than ₹ 5,505.86 million for the previous year. Net Profit was ₹ 1,404.43 million as against ₹ 902.68 million in the previous year, registering a growth of 55% in the net profit.

## EXPANSION

Riding on strong and consistent performance over the last four years, Mesco group is launching into a major growth and expansion phase in order to position itself as a leading player in the brick and mortar sectors, which promote nation building, and a diversified mining company. Its status as a **debt free company** positions itself uniquely among its peers to lend credibility to the growth plans.

At the forefront of this is the expansion of MISL's steel plant at Kalinga Nagar, Odisha. This is consistent with the company's philosophy of becoming one of India's major fully integrated steel companies. The current expansion plan is to take the finished steel capacity to 3.5 million tonnes in 2 phases. MISL currently operates an iron ore mine and a pig iron plant in Odisha. The strength of the expansion plan lies in the competitive advantages of the company, captive sources of raw materials being the primary advantage. Apart from its iron ore mine in Roida, the company has secured a mining lease over 1500 hectares in Malangtoli, Odisha. In pursuance of being fully self reliant on all raw materials, Mesco group has secured an allocation of a coking coal block in Chindwara, Madhyapradesh. Process for obtaining forest and environment clearances for this coal has been put on a fast-track, with the submission of a revised application. A coal washery is proposed to be set up to partially meet coking coal requirement of the steel operations, while Mesco is actively pursuing opportunities to acquire coking coal assets in Australia, Mozambique, Mongolia, United States and Canada. Mesco also has a dolomite mine in Katni and a limestone mine in Rewa in Madhaypradesh.

Mesco is committed to provide a solution in the entire value chain of the construction industry which is the backbone for nation building. Mesco will set up two cement plants which will also ensure clean disposal of blast furnace slag on a closed cycle basis. The company plans to set up a 1 mtpa plant in Jajpur and a 3mtpa plant in Rewa. This will create significant number of jobs while adding value to its operations. Similarly the middlings generated in the coal washery at Chindwara will be used to fuel a 120 MW power plant.

In order to accelerate growth, MISL is also actively interested in inorganic growth through M&A in companies which provide a strategic fit. With the objective of reviving the profitability of companies in the steel industry which have fallen in bad times due to depressed markets, Mesco is in discussions with the financiers and promoters of such distressed assets to acquire a significant stake to turn them around on account of operational synergies.

## PUBLIC DEPOSIT

Your Company has not accepted any deposits u/s 58A of the Companies Act, 1956, during the year under review.

## INSURANCE

The Company has taken adequate insurance to cover the risks on the fixed assets of the

Company including Plant & Machinery, Stock etc. during the year under review and it is sufficient to take care of the unforeseen situation, if any.

## **DIRECTORS**

At the ensuing AGM two directors are liable to retire by rotation, these include Mr. Debi Prasad Bagchi and Mr. Sanjiv Batra. These directors are eligible for reappointment and expressed their willingness to be reappointed.

The information on the particulars of Directors seeking re-appointment as required under Clause 49 of the Listing Agreement executed with the Stock Exchanges have been given under Corporate Governance section of this Report.

## **AUDITORS**

M/s. Todarwal & Todarwal and M/s. Sangram Paul & Co, Chartered Accountants, Statutory Auditors of the Company, holds office until the conclusion of the ensuing Annual General Meeting and being eligible for re-appointment. The Company has received confirmation from them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 224(1B) of the Companies Act, 1956 and also that they are not disqualified for such re-appointment within the meaning of Section 226 of the said Act. The Auditors has also submitted peer review certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India, New Delhi as required under the listing agreement.

The Notes on Accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments under section 217 (3) of the Companies Act, 1956.

## **CORPORATE GOVERNANCE**

A report on corporate governance along with a report from the Auditors of the Company regarding compliance of the conditions of corporate governance pursuant to clause 49 of the listing agreement is annexed.

## **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act 1956 with respect to Directors' Responsibilities Statement, It is here by confirmed that:

- i. in the preparation of the accounts for the financial year ended 31<sup>st</sup> March, 2013, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date;

- iii. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- iv. the Directors have prepared the accounts for the financial year ended 31<sup>st</sup> March, 2013 on a “going concern” basis.

### **PARTICULARS OF EMPLOYEES**

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the names and other particulars of employees are set out in the Annexure to the Directors’ Report. However, as per the provisions of Section 219 (1) (b) (v) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

### **COST AUDITORS**

Pursuant to the provision of Section 233B of the Companies Act, 1956, your directors have re-appointed M/s. S. S. Sonthalia & Co., Cost Accountants, Bhubaneswar, as the Cost Auditors to conduct the Cost Audit of your Company for the financial year ending 31<sup>st</sup> March, 2014.

### **PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO**

The Statement of particulars with respect to Conservation of Energy, Technology, Absorption, Foreign Exchange Earning and Outgo pursuant to provision of Section 217 (1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 1988 is enclosed herewith as Annexure to the Directors’ Report.

### **ACKNOWLEDGMENT**

The Directors acknowledge, with gratitude, the co-operation and assistance received from the Government, Banks, other Business constituents, Members and Employees during the year under review.

### **FOR AND ON BEHALF OF THE BOARD**

Date : 14.08.2013

Rita Singh

Place: New Delhi

Chairperson cum Managing Director

## ANNEXURE TO DIRECTORS' REPORT

PARTICULARS REQUIRED UNDER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF THE BOARD OF DIRECTORS) RULES, 1988.

### CONSERVATION OF ENERGY

#### i. ENERGY CONSERVATION MEASURES TAKEN:

Energy Conservation during the financial year has accrued as a result of the following steps:

- Sinter Machine #1 has been continuously operating throughout the year and average Sinter in Burden was 57.35%. – thereby improving the BF productivity and caused significant reduction in Coke Rate.
- Blast Furnace productivity improved to 1.88 T/M<sup>3</sup>/Day against 1.38 T/M<sup>3</sup>/Day during the same period last year.
- 100% utilization of Solid Waste generated in the plant like flue dust, lime sludge, BF sludge and unused coke breeze etc. being recycled at Sinter Plant improving the environmental condition and reducing the energy cost.
- Erection of Turbo-Generator is complete. The unit will be put on trial shortly.
- Company's Captive Power Plant is truly a Green Plant. No coal or Natural Gas is used as fuel. A waste gas from Blast Furnace is gainfully utilized as fuel in Boilers. Only very minimal LDO is used as start-up / support fuel.
- Subsequent to optimization of BF gas usage in different section, Power generation from Turbine Generator #2 has increased by 26424 kWh/day.
- Boiler efficiency improved by effecting the reduction in the flue gas temperature. This is achieved through introduction of better Maintenance Practices.

#### ii. Additional Proposals being implemented for further conservation of energy

Solar Energy or any other renewable energy

#### iii. Total energy consumption and energy consumption per unit of production as per **Form-A.**



**FORM - A**

**FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY**

S. No.	PARTICULARS	2012- 2013	2011-2012
<b>(A)</b>	<b>POWER AND FUEL CONSUMPTION</b>		
<b>1</b>	<b>ELECTRICITY PURCHASED</b>		
	UNITS / KWH ('000)	16519.440	7700.40
	TOTAL AMOUNT (₹ in Mn)	99.95	50.33
	RATE / UNIT (₹)	6.05	6.53
<b>2</b>	<b>OWN GENERATION</b>		
	THROUGH STEAM TURBINE GEN. UNIT:		
	UNITS / KWH ('000)	13027.90	4862.80
<b>3</b>	<b>UNITS EXPORTED</b>		
	UNITS / KWH ('000)	25.00	79.00
<b>4</b>	<b>FUEL / LDO CONSUMPTION</b>		
	QUANTITY (K. LTRS.)	516.426	576.83
	TOTAL COST (₹ in Mn)	25.99	20.59
<b>5</b>	<b>WATER PURCHASED</b>		
	QUANTITY IN M <sup>3</sup> ('000)	680.671	388.435
	TOTAL COST (₹ in Mn)	14.17	9.10
<b>(B)</b>	<b>CONSUMPTION FOR PRODUCTION</b>		
<b>1</b>	<b>ELECTRICITY</b>		
	UNITS / KWH ('000)	29522.34	12484.20
	TOTAL COST (₹ in Mn)	99.95	50.83
	COST PER TONNE OF PRODUCTION ( ` )	491.46	553.83
<b>2</b>	<b>FUEL/LDO</b>		
	QUANTITY (K. LTRS.)	516.26	579.83
	TOTAL COST (₹ in Mn)	25.99	20.59
	COST PER TON OF PRODUCTION ( ` )	127.79	226.64
<b>3</b>	<b>WATER</b>		
	QUANTITY IN M <sup>3</sup> ('000)	680.671	388.435
	TOTAL COST (₹ in Mn)	14.17	9.10
	COST PER TONNE OF PRODUCTION ( ` )	69.68	100.93
<b>4</b>	<b>LOW ASH MET COKE</b>		
	QUANTITY CONSUMED IN MT	14063.00	725333.67
	TOTAL COST (₹ in Mn)	2799.02	1378.13
	COST PER TON OF PRODUCTION ( ` )	13763.00	15166.56

- Sinter Machine #1 has been continuously operating throughout the year and average Sinter in Burden was 57.35%. – thereby improving the BF productivity and caused significant reduction in Coke Rate.

## B. TECHNOLOGY ABSORPTION

- Efforts, in brief, made towards technology absorption, adaptation and innovation–**N.A.**
- Benefits derived as a result of the above efforts–**N.A.**
- Details about imported technology (imported during the last five years reckoned from the date of beginning of financial year, if any.–**N.A.**

## C. RESEARCH AND DEVELOPMENT

### 1. SPECIFIC AREAS IN WHICH R&D WAS CARRIED OUT BY THE COMPANY

Regular R&D was carried out in the areas of raw materials including coal, coke, energy utilization, energy conservation, waste utilization, blast furnace productivity, product development and improvement in life of plant and machinery. Some of the activities carried are as given below.

- Regular Thermography for health monitoring of B.F Hearth as well as shell lining of Blast Furnace is being carried out. Same has been carried out 2 times in the current year.  
Based upon the results of this diagnostic technique, corrective action of injection of hearth grouting mass and shell grouting is done.
- By closed material analysis and selection of the correct chemical composition of the mould material along with minor changes in the profile with improved maintenance practices life of PCM Moulds is increased significantly. This has resulted in reliability improvement and almost 100% availability of Pig Casting Machines so vital for Blast Furnace production.
- By continuous experimentation and trials a suitable Cast House Trough Mass could be developed which has increased the Runner Life significantly. From an average Runner Life of 7-8days , now the life is 20days. Further trials are on to improve this life to at least 30 days.

## D. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports: There were no significant exports by the Company during the year.
2. Total Foreign exchange used and earned:

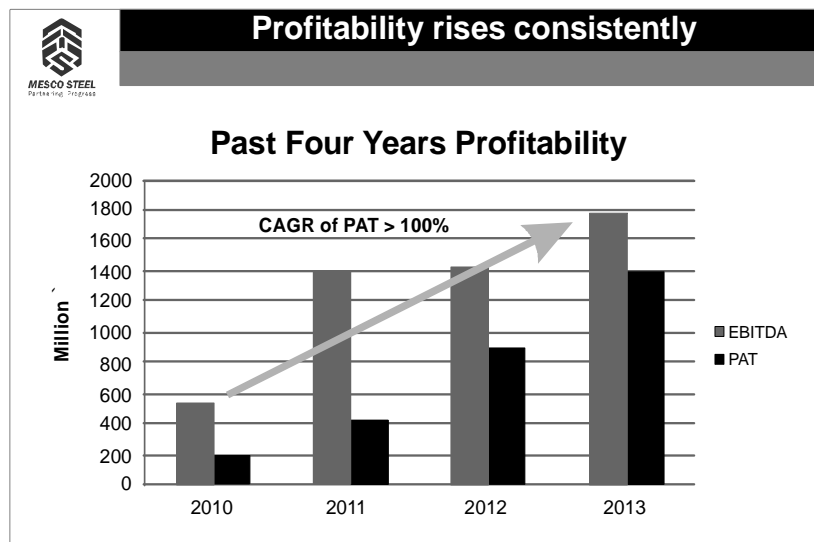
Particulars	Rs. In Millions	
	31.03.2013	31.03.2012
(i) Foreign Exchange earned	5.9	393.58
(ii) Foreign Exchange used	1,714.24	29.04

## Management Discussion and Analysis

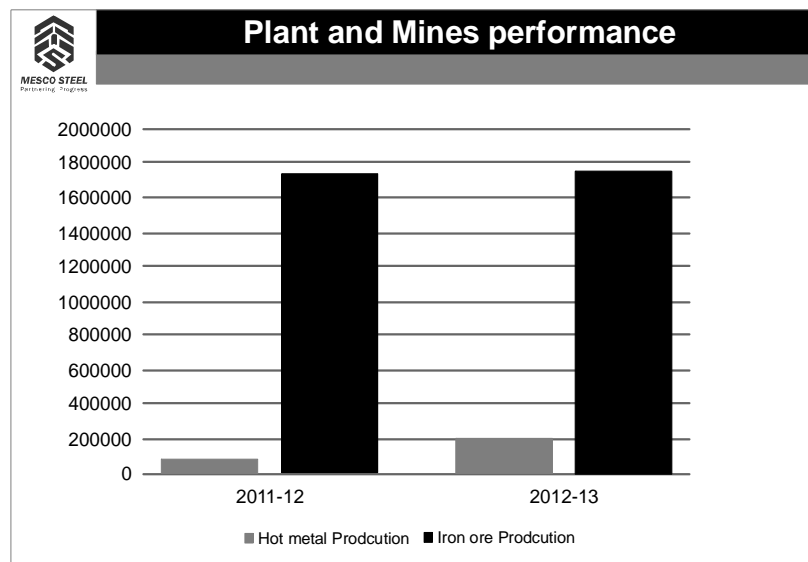
The Management's discussions on the Company's performance are given below:

### 1) BUSINESS REVIEW

In the financial year 2012-2013, your company has a profit before depreciation, Interest and tax of ` 1772.38 million as against ` 1430.34 million in the last fiscal. The profit after tax is ` 1404.43 million against ` 902.68 million in the last fiscal on account of improved operational performance and higher net realizations. With these results, your company has shown significant performance consistently in the past 4 years.



The business was strongly supported by performance in the plant and mines as your company recorded all round higher production. The hot metal production doubled from last year while the production from mines also exceeded from the last year despite losing close to six months of production due to government action.



Riding on strong and consistent performance over the last four years, your company has launched into a major growth and expansion phase. Its status as a **debt free company** positions itself uniquely among its peers to lend credibility to the growth plans. At the forefront of this is the expansion of MISL's steel plant at Kalinga Nagar, Odisha. This is consistent with the company's philosophy of becoming one of India's major fully integrated steel companies. The current expansion plan is to take the finished steel capacity to 3.5 million tonnes in 2 phases. The strength of the expansion plan lies in the competitive advantages of being self reliant on raw materials.

In coking coal, your company is actively pursuing opportunities to acquire coking coal assets in Australia, Mozambique, Mongolia, United States and Canada.

Your company is also actively interested in inorganic growth through M&A with companies which provide a strategic fit with the objective of reviving the profitability of such companies in the steel industry which have fallen in bad times due to depressed markets.

## **2) INDUSTRIAL STRUCTURE & DEVELOPMENT**

The Indian steel industry has entered into a new phase of development with India becoming the 4th largest producer of crude steel with 89 million ton capacity and the largest producer of sponge iron or DRI in the world. The steel demand will continue to grow due to proposed investment of nearly a trillion dollars in infrastructure and increasing urbanization. Going by the current projects, steel-making capacity in the country is likely to touch 140 million ton by 2016-17. India is all set to become the second largest producer of steel in the world. Production for sale of Pig Iron was more than 5.78 million ton. India also imported approx. 7 million ton of finished steel, while exports of finished steel were at 4. million ton.

The Country has turned out to be a net exporter of pig iron. The private sector accounted for 91% of total production for sale of pig iron in the country. The production of pig iron has increased from 1.6 million ton in 1991-92 to approx. 6 million ton in 2012-13

Even at current per capita consumption level of 55 kg, the country is net importer of steel, so there is scope for expansion of steel industry in the country, given the medium term robust prospects for economic growth in the country.

In this background as mentioned before, your company has embarked on a robust growth and expansion plan. The current expansion plan is to take the finished steel capacity to 3.5 million tonnes in 2 phases.

## **3) OPPORTUNITIES & THREATS**

In the current industrial scenario, when new projects for steel making capacity are extremely difficult to fructify, your company sees an opportunity to grow by brown field expansion at its existing plant. The strength of this expansion plan lies in the competitive advantages of the company. Its location provides close proximity to port, rail and road linkages. Captive source of iron ore from the mine in Roida and future potential of coking coal from the allocation of a coal block in Chindwara provides self sufficiency in key raw materials. Mesco group has been allotted



limestone and dolomite mines in Madhya Pradesh. Also important is the fact that there is a ready infrastructure in place which precludes any issues related to land acquisition.

Due to depressed demand and weakening prices there are a few steel companies who have become unviable due to high cost of raw materials, gross reduction in revenues and high debt taken at a time when the commodity cycle was at its peak. There is therefore the opportunity to examine M&A with such companies which have a direct strategic fit.

With increasing operational efficiencies and high degree of self reliance for raw materials, your company has the capability to position itself as the low cost producer of steel in the country. The management expects that after the current bout of slowdown, the global economy would bounce back over the next 3-4 years which would boost demand for steel and iron ore. Focus on infrastructure in the country would remain the story for the next decade and this would keep demand for steel on a high growth path. Your company will be ready to take the advantage when the cycle turns upwards.

Weakening rupee, however, is a threat in the immediate scenario, as the company has to import good quality coke. This would affect the profitability in the near term, however lower bound coking coal prices during these turbulent times would keep a lid on coke prices thereby offsetting to an extent the impact of rupee depreciation.

Tight financial condition of banks has made borrowings that much more difficult. This may pose a slight impediment to our growth plans, though our debt free status and robust past performance make us good candidates for financiers

#### **4) OUTLOOK**

According to IMF's latest world economic outlook (July 2013), global growth is projected to remain subdued at slightly above 3 percent in 2013. Slow down of growth in emerging economies and protracted recession in euro area have weakened domestic demand.

Downside risks to global growth prospects still dominate; while old risks remain, new risks have emerged, including the slowing credit, and tighter financial conditions with the anticipated unwinding of monetary policy stimulus in the United States that may lead to sustained capital flow reversals.

Financial market volatility increased globally. Emerging market economies have generally been hit hardest, as recent increases in advanced economy interest rates and asset price volatility, combined with weaker domestic activity have led to capital outflows, equity price declines, rising local yields, and currency depreciation.

Growth in the United States is projected to rise from 1.75 percent in 2013-14 to 2.75 percent in 2014-15. In Japan, growth will average 2 percent in 2013-14, moderating to about 1.25 percent in 2013-2014. The softer forecast for 2014-15 reflects the weaker global environment. The euro area will remain in recession in 2013-14, with activity contracting by over 0.50 percent. Growth will rise to just under 1 percent in 2014-15.

In China, growth will average 7.75% percent in 2013-14. The outlook for many commodity exporters (including those among the BRICS) has also deteriorated due to lower commodity prices. In summary, global growth will recover from slightly above 3 percent in 2013-14 to 3.75 percent in 2014-15. according to RBI's latest projections, India would grow at 5.50% during 2013-14, just a shade above 5% growth achieved last year. Industrial growth will remain subdued during the year. The Index of Industrial Production (IIP) nearly stagnated during 2012-13, registering a dismal 1.1 per cent growth on a low base of 2.9 per cent in the preceding year. According to RBI, the pervasiveness of the slowdown is reflected across a wide range of industrial classifications. The contraction of the mining sector and capital goods continues to affect the overall performance of the industrial sector. Manufacturing sector growth remained almost stagnant during April-May 2013. Important industries such as machinery and equipment, basic metals, fabricated metal products, computing machinery, food products and motor vehicles registered contraction in output during the period.

According to short range outlook by World Steel Association, the global apparent steel consumption is expected to grow by 3% in 2013-14 from 1454 million ton in 2012-13. The last year was a bad year for steel industry with consumption dropping by 6.50 % in the year. In 2014-15, the steel consumption will rise to 1500 million tons.

Following 2.5% growth in 2012-13, India's steel demand is seen rising by 5.9% to 75.8 million metric tons in 2013-14, as monetary easing is expected to promote private-sector investment. In 2014-15, growth in steel demand is expected to increase 7.0%, as a result of deficit-reduction efforts and other measures to improve the foreign direct investment.

## **5) INTERNAL CONTROLS & SYSTEMS**

The Company has proper and adequate systems of internal controls to provide reasonable assurance that all assets are safeguarded, transactions are authorized, recorded and reported correctly and to ensure compliance with policies, statutes and Code of Conduct. The company emphasizes on continued review of internal control & systems. The internal control system provides for well-documented policies, guidelines, authorizations and approval procedures. The Company also discusses with the Company's statutory auditors to ascertain their views on the adequacy of the internal control systems in the Company and their observations on the financial reports. An Independent Audit Committee of the Board has been recently formed.

## **6) RISK MANAGEMENT**

The Company is conscious of the fact that steel Industry is subject to both systematic and non-systematic risks. Systematic risk that common to all units in the sector that is facing raw material shortage is abated by positioning the company uniquely with secure source for supply of raw materials. Non-Systematic risk particular to the company is controlled by forming risk management team for timely risk management and solution. Specific identified risks are covered by Insurance.

## **7) ENVIRONMENT MANAGEMENT**

The company's Steel Plant is considered one of the great plant in the world. The Company is aware of the impact of its activities, products and services on the environment. Its endeavor is not limited to mere compliance with applicable legislation. All efforts are made to go well beyond compliance by minimization of process waste, optimization of recovery and recycling of waste material, phasing out old and outdated units and installation of state-of-the-art technology for preservation and protection of the environment. Numerous initiatives were undertaken during the year for improving the state of environment. Important measures include implementation of Sinter which would ensure reduction in energy needs, no liquid waste and no solid waste thereby keeping environment clean & safe, reduction in greenhouse gas emissions, reduction in specific energy consumption. The levels of particulate matter, sulphur dioxide and oxides of nitrogen continued to improve and were well under the statutory levels. Maximum quantity of CO gas formed in the production process of pig iron is utilized to run the boiler and generate power with the commissioning of the first 4.5 mw turbo generator.

## **8) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT**

Industrial relations remained normal at all locations and there were no significant labour issues outstanding or remaining unresolved during the year. The Board of Directors and the Management wish to place on record their appreciation of the efforts put in by all employees to achieve record performances,

## **9) CAUTIONARY STATEMENT**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**REPORT ON CORPORATE GOVERNANCE****1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximise stakeholder's value by attracting financial and human capital and efficient performance. The Company emphasises the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders.

The Company believes in Corporate Governance that is dynamic and continuously evolving with passage of time. Accordingly, the Company has sought to institutionalize best governance practices to effectively fulfil its corporate responsibilities.

**2) BOARD OF DIRECTORS**

The composition of the Board of Directors is in conformity with Clause 49 of the Listing Agreement, as amended from time to time. The Board presently comprises Ten Directors, of which, five are Independent Non-Executive Directors. The Chairman of the Board is a Executive Director. The composition and category of Directors as on 31<sup>st</sup> March, 2013 is as follows:

S. No.	Name of Directors	Status I.e. Executive, Non-Executive and Independent	Numbers of Board Meetings.		Whether attended last AGM
			Held during the year	Attended During the Year	
1	Mrs. Rita Singh	Promoter, Executive (Chairperson cum Managing Director)	4	4	Yes
2	Mr. Jitendra Kumar Singh	Promoter - Executive (Whole Time Director)	4	4	Yes
3	Mrs. Natasha Singh Sinha	Promoter - Executive (Whole Time Director)	4	3	Yes
4	Mr. Purna Chandra Sahu	Executive (Whole Time Director)	4	3	No
5	Mr. Hanumantharao Ravipati	Executive	4	3	No
6	Mr. Nandanandan Mishra	Non – Executive & Independent	4	3	No
7	Mr. Debiprasad Bagchi	Non – Executive & Independent	4	4	Yes
8	Mr. Madhukar	Non – Executive & Independent	4	3	Yes
9	Mr. Sanjiv Batra	Non – Executive & Independent	4	3	Yes
10	Mr. Dipak Chatterjee*	Non – Executive & Independent	4	3	Yes

\* Appointed as Additional Director w.e.f. 23<sup>rd</sup> January, 2013



## **NUMBER OF BOARD MEETINGS**

The Board met four times during the year ended 2012-13, 13<sup>th</sup> April, 2012, 31<sup>st</sup> August, 2012, 26<sup>th</sup> October, 2012 and 13<sup>th</sup> February, 2013.

None of the Directors of the Company was a member of more than ten Committees nor was the Chairman of more than five Committees across all Companies in which they are directors.

## **BOARD MEETING, COMMITTEE MEETING AND PROCEDURES**

- A.** In order to setup the systems and procedures for the matter requiring discussions/decisions by the Board, the Board of Directors has framed guidelines for the meeting of Board of Directors and Committee thereof. The said Guidelines seek to systematize the decision making process at the meetings of Board/Committees, in most efficient manner.

The Board of Directors decides management policies, approves strategies and oversees business performance. The Board seeks to ensure that the corporate goals are met and seeks accountability with a view to ensure that the corporate mission is accomplished. The Board reviews the Company's Business Plans, annual capital and operating budgets, strategies, performance of operations, schedule for implementation of capital projects, purchase/disposal of assets, risk assessment procedures and minimization plans, compliance of applicable statutory/regulatory requirements, major legal issues, significant labour matters, quarterly/annual financial results, reports and observations of Auditors, Information as required under Annexure-IA to Clause 49 of the Listing Agreement is made available to the Board, every quarter in accordance to their applicability upon the Company. While reviewing compliance reports of applicable laws, the Board also takes suitable steps to rectify non-compliance, if any.

The agenda for Board meetings are sent in advance to all the Directors, accompanied by comprehensive notes and copies of related documents. The Company has an effective post-meetings follow-up mechanism in place. Action Taken Report on decisions taken at previous meetings of the Board/Committees are reviewed at the succeeding meetings of the Board/Committees.

### **B. Scheduling and selection of Agenda Items for Board Meeting.**

- i) The Company holds minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four pre-scheduled Board Meetings, additional Board Meetings will be convened by giving appropriate notice at any time to address the specific needs of the Company. The Board may also approve permitted urgent matters by passing resolutions by circulation.
- ii) The meetings are usually held at the Company's Registered Office / Corporate office / or any other convenient place, anywhere in India, as the Board may deem fit.

- iii) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/decision in the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board Meetings.
- iv) The Board is given presentation covering Finance, Sales and Marketing, and the major business segments and operation of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the pre-scheduled Board Meeting. The Board's annual agenda includes recommending dividend, determining directors who shall retire by rotation and recommending appointment of Directors/Auditors, authentication of annual accounts and approving Directors Report, long term strategic plan for the Company and the principal issues that the Company expects to face in the future, Board Meetings also note and review functions of its Committees.
- v) The Chairman of the Board and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.

**BOARD MATERIAL DISTRIBUTION WELL IN ADVANCE:**

- 1) Agenda papers are circulated to the Directors, well in advance, as per Agenda format. All material information is incorporated in Agenda papers for meaningful, and effective discussions at the meeting. In case, any papers /document to the agenda is not possible to attach the same are placed on the table at the meeting with the specific reference in the agenda.
- 2) In case of urgency, additional item(s) in agenda are permitted with the permission of chair and in that case the subject matter discussion may be discussed at the meeting without written material being circulated in advance.
- 3) The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter in the agenda for discussion.

**MINUTES OF PROCEEDINGS OF BOARD MEETING:**

The Company Secretary records the minutes of the proceedings of each Board and Committee Meetings. Draft minutes are circulated all the members of the Board for their comments.

**3) COMMITTEES OF BOARD:**

**i. AUDIT COMMITTEE:**

The Board of Director has constituted Audit Committee comprising Three Independent Non-Executive Directors. Mr. Madhukar, Independent Non-Executive Director, who acts as the Chairman of the Committee having a financial management expertise. The Audit

Committee also complied with the requirements under section 292A of Companies Act, 1956. The Audit Committee met four times during the year ended 2012-13, 13<sup>th</sup> April, 2012, 31<sup>st</sup> August, 2012, 26<sup>th</sup> October, 2012 and 13<sup>th</sup> February, 2013.

<b>Name of the Member</b>	<b>Designation</b>	<b>No. of Meetings</b>	<b>Meetings attended</b>
Mr. Madhukar	Chairman	4	4
Mr. Debi Prasad Bagchi	Member	4	3
Mr. Nandanandan Mishra	Member	4	3
Mr. Sanjiv Batra	Member	4	4
Mrs. Natasha Singh Sinha	Member	4	3

The Audit Committee has performed the following functions as per the requirement contained in clause, 49 of Listing Agreement and section 292A of the Companies Act 1956 as follows:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services;
- Reviewing with management the annual and quarterly financial statement before submission to the Board;
- Reviewing with the management and external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors any significant finding and follow up on such issues;
- Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board;
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies; and
- Examining reasons for substantial default in the payment to depositors, debenture hold-

ers, shareholders (in case of non-payment of declared dividends) and creditors, if any.

## ii. REMUNERATION/ COMPENSATION COMMITTEE

The Board of Director of the Company has constituted Remuneration / Compensation Committee comprising three Non Executive Independent Directors. Mr. Debiprasad Bagchi, the Non Executive Independent Director of the Company, who acts as the Chairman of the Committee

Name of the Member	Designation
Mr. Debiprasad Bagchi	Chairman
Mr. Nandanandan Mishra	Member
Mr. Sanjiv Batra	Member
Mrs. Natasha Singh Sinha	Member

The remuneration committee has been constituted to recommend/review the remuneration package / other remuneration / compensation of the Managing/ Full time Directors, by any means as per the contribution/ participation and value addition in the business affairs of the Company.

The remuneration policy is framed towards rewarding performance based on review of achievements from time to time, as may be deem fit by the Committee in this regard. The remuneration policy is also in consistency with the industrial scenario.

The remuneration committee met once only on 31<sup>st</sup> August, 2012 during the year under review to consider remuneration package to Mrs. Rita Singh, Mr. Jitendra Kumar Singh and Mrs. Natasha Singh Sinha, Directors of the Company and Mrs. Shipra Singh, General Manager, Procurement & Material.

## iii. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Director of the Company has constituted Shareholders' / Investors' Grievance Committee comprising two Independent Non Executive Directors and one Executive Promoter Director.

Name of the Member	Designation	No. of Meetings	Meetings attended
Mr. Nandanandan Mishra	Chairman	1	1
Mr. Sanjiv Batra	Member	1	1
Mrs. Rita Singh	Member	1	1

The Committee looks into re-dressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of dividend etc. The committee reviews the performance and recommends measures for overall improvement in the quality of investor services.

#### iv. SHARE TRANSFER SYSTEM

The Company's Registrar and Share Transfer Agents is Skyline Financial Services Private Limited. The shares lodge for physical transfer/transmission/transposition / rematerialisation are registered within the prescribed time period provided the documents are complete in all respects. The shares in admitted for dematerialised with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited.

#### COMPLIANCE:

The Company Secretary while preparing the agenda notes on agenda, minutes etc. of the meeting(s) and holding and conducting the meetings is responsible for and is required to ensure adherence to all the applicable provisions of law including the Companies Act, 1956, as per the information available and belief that the same is to be true.

#### 4) REMUNERATION TO THE DIRECTORS

Name of Director	Sitting Fees	Salaries & Perquisites ( ` )	Commission ( ` )	Total ( ` )
Mrs. Rita Singh	Nil	19.22	12.5	31.72
Mr. Jitendra Kumar Singh	Nil	15.71	0	15.71
Mrs. Natasha Singh Sinha	Nil	11.50	7	18.50
Mr. Purna Chandra Sahu	Nil	3.60	0	3.60
Mr. R. Hanumantha Rao	Nil	N.A.	N.A.	N.A.
Mr. Nandanandan Mishra	0.12	N.A.	0.7	0.82
Mr. Debiprasad Bagchi	0.12	N.A.	0.7	0.82
Mr. Madhukar	0.14	N.A.	0.7	0.84
Mr. Sanjiv Batra	0.18	N.A.	0.7	0.88
Mr. Dipak Chatterjee	0.02	N.A.	0.2	0.22

**5. MANAGEMENT DISCUSSION AND ANALYSIS**

The Directors' Report includes details of Management Discussion and Analysis of various business of the Company.

**6. DISCLOSURES BY MANAGEMENT TO THE BOARD**

All details relating to financial and commercial transaction where Directors may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

**7. DISCLOSURE**

None of the transactions with any of the related parties were in conflict with the interest of the Company. Related party transactions have been reported at Sr. No. 24 of Notes to the Accounts. The Register of Contractors containing transactions, in which directors are interested, is placed before the Board regularly.

**8. CEO / CFO CERTIFICATION**

As per provision of Clause 49 of the Listing Agreement, the Managing Director have certified to the Board in compliance with the Clause 49(V) regarding CEO / CFO certification.

**9. GENERAL SHAREHOLDER INFORMATION****GENERAL BODY MEETINGS.**

The location and time of the General Meetings held during the last three years is as follows :

<b>Year</b>	<b>Venue</b>	<b>Date of Meeting</b>	<b>Time</b>
2011-12	Srifort Auditorium, Hall No. 1, Asiad Village, New Delhi -110 049	26 <sup>th</sup> September, 2012	10.30 a.m.
2010-11	D-3A, Ansal Villa, Satbari, New Delhi 110 030	23 <sup>rd</sup> September, 2011	9.30 a.m.
2009-10	D-3A, Ansal Villa, Satbari, New Delhi 110 030	27 <sup>th</sup> September, 2010	9.30 a.m.

During year ended 31<sup>st</sup> March, 2013 there have been no resolutions passed by the company's through postal ballot.

Extra Ordinary General Meeting(s) (EGMs) : During the year no extra ordinary general meeting of the members of the Company was held.

## MEANS OF COMMUNICATION

- Half Yearly report sent to each of shareholders : No.
- Quarterly Results  
Which newspapers normally published in : Financial Express (English)  
Jansatta (hindi)

Any Web site, where displayed. : **www.mescosteel.com**

- Presentation made to Institutional Investors or to Analyst : No.
- Whether Management Discussion and Analysis Report  
is a part of annual report or not : Yes.

- **20<sup>TH</sup> ANNUAL GENERAL MEETING**

DATE & TIME : 30.09.2013 at 10.30 am

VENUE : LUTYENS', 222/223, New Mangla Puri, Mehrauli  
Gurgaon Road, (Near Metro Pillar No.13),  
New Delhi-110 030

- **Financial Calendar (tentative & subject to change)**

(a) First Quarter Results : Last week of July, 2013

(b) Second Quarter Results : Last week of Oct., 2013

(c) Third Quarter Results : Last week of Jan., 2014

(d) Results for the year ending March 2014 : May 2014

- Date of Book Closure : Monday, 23.09.2013 to  
Monday, 30.09.2013 (Both days Incl.)
- Dividend Payment Date : on or after 30<sup>th</sup> September, 2013
- Listing on Stock Exchange : Ahmedabad Stock Exchange  
Bhubaneswar Stock Exchange  
Calcutta Stock Exchange  
Madras Stock Exchange

Annual listing fee for the year 2013-14, as applicable, has been paid by the Company to all the stock exchanges.

Annual Custody fee for the year 2013-14, as applicable, has been paid by the Company to both the depositories.

ISIN No. for NSDL and CDSL : **INE170N01016**

## Category wise Shareholding as on March 31, 2013

Category	No. of Shares	% to Share Capital
Indian Promoters	9,21,65,770	66.85
Banks, Financial Institutions, Insurance Company etc.	3,15,700	0.23
Private Corporate Bodies	1,48,91,500	10.80
NRIs/OBCs	26,41,500	1.92
Indian Public	2,78,60,530	20.20
<b>TOTAL</b>	<b>13,78,75,000</b>	<b>100.00</b>

- Distribution and Shareholding Pattern as on **March 31, 2013**

No. of equity shares held	No. of Folios/ Client id	%	No. Shares	%
Upto 500	1,89,414	98.27	2,39,82,170	17.39
501 – 1000	2,131	1.11	16,93,100	1.23
1001 – 2000	735	0.38	10,85,900	0.79
2001 – 3000	200	0.10	4,97,300	0.36
3001 – 4000	80	0.04	2,91,800	0.21
4001 – 5000	48	0.02	2,21,400	0.16
5001 – 10000	85	0.04	6,04,100	0.44
10001 and above	83	0.04	10,94,99,230	79.42
<b>TOTAL</b>	<b>1,92,776</b>	<b>100.00</b>	<b>13,78,75,000</b>	<b>100.00</b>

- Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on equity **Not issued**
- Plant Locations Kalinga Nagar Industrial Complex,  
Khurunti, P. O. Danagadi - 755026  
Dist. Jajpur, Odisha
- Registrar and Share Transfer Agent **Skyline Financial Services  
Private Limited**  
D-153 A, 1<sup>st</sup> Floor, Okhla Industrial  
Area, Phase - I, New Delhi-110 020  
Tel.:+91 11 26812682, 83, 647326181-88  
F:+91 11 26812682, W: www.skylinerta.com





Address for correspondence should be addressed to :

The Company Secretary  
Mesco Tower  
H -1, Zamrudpur Community Centre,  
Kailash Colony,  
New Delhi -110 048.

- Investor Help desk

investors@mescosteel.com  
Ph.: 011-29241099  
Annual Report can be assessed at  
www.mescosteel.com

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

## **9. CODE OF CONDUCT**

The Board of Directors of the Company has laid down Code of Conduct for Directors and Senior Management. The Code of Conduct are posted on the Company's Website [www.mescosteel.com](http://www.mescosteel.com). All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year under review.

## **10. POLICY FOR PREVENTION OF INSIDER TRADING**

In compliance with SEBI regulation on Insider Trading the Company has framed comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Policy laid down guidelines, which advise them on procedures to be followed and disclosure to be made while dealing with Shares of the Company and cautioning them on consequences of violations.

## **11. COMPLIANCE CERTIFICATE OF THE AUDITORS**

Certificate from the Auditors of the Company, M/s. Todarwal & Todarwal, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 is attached to this Report.

### **CEO's Declaration on Code of Conduct**

**As required under Clause 49 of the Listing Agreement CEO's Declaration for Code of Conduct is given below:**

The Members  
Mideast Integrated Steels Limited

I, Rita Singh, Chairperson and Managing Director of the Company declare that all Board Members and Senior Management of the Company have affirmed compliance with the Code of Conduct.

**For Mideast Integrated Steels Limited**

**Rita Singh**  
**Chairperson and Managing Director**

**AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE**

**To the Members of**

**MIDEAST INTEGRATED STEELS LTD.**

We have examined the compliance of conditions of Corporate Governance by Mideast Integrated Steels Limited for the year ended March 31, 2013, as stipulated in Clause 49 of the listing agreement entered into with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

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

Sunil Todarwal  
Partner

MEMBERSHIP NO. : 32512

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2013



## **AUDITOR'S REPORT**

**To The Members of**

**Mideast Integrated Steels Limited**

**Report on the Financial Statements**

We have audited the accompanying financial statements of Mideast Integrated Steels Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.



- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of  
**Todarwal & Todarwal**  
Chartered Accountants  
ICAI Reg No : 111009W

Sunil Todarwal  
Partner  
M. No. : 32512  
Dated : 22<sup>nd</sup> May 2013  
Place: New Delhi

For and on Behalf of  
**Sangram Paul & Co.**  
Chartered Accountants  
ICAI Reg No : 308001E

S. K. Paul  
Proprietor  
M. No. 13015  
Dated : 22<sup>nd</sup> May 2013  
Place: New Delhi

**Annexure to Auditor's Report**

**(Referred to in above the Auditor's Report of even date to the Members of Mideast Integrated Steels Limited on the Financial Statements for the year ended 31<sup>st</sup> March 2013)**

1. (a) In our opinion and as per the records produced before us, the Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) As per the information and explanation given to us, fixed assets are physically verified by the management according to a phased programme designed to cover all the locations which in our opinion, is reasonable having regard to the size of the company and the nature of its assets. Pursuant to the programme, the management during the year physically verified the fixed assets at certain locations and no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanation given to us, the company has not disposed off any part of the fixed assets during the year. Thus, paragraph 4(i) (c) of the Companies (Auditor's Report) Order, 2003 is not applicable.
2. (a) In our opinion and as per the records produced before us, Inventory of the company has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable.
- (b) In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) In our opinion and according to the information & explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and same have been properly dealt with in the books of accounts.
3. (a) According to information and explanation given to us, the Company has not granted any secured or unsecured loans to any parties covered in the register maintained under Section 301 of the Act. Hence the provisions of clause 4(iii) (b), (c), (d) are not applicable to the company.
- (b) According to information and explanation given to us, the Company has taken unsecured loans from two parties covered in the register maintained under Section 301 of the Act. The total amount of transactions involved is Rs. 295.46 Millions.
- (c) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions of unsecured loans taken by the company, are prima facie not prejudicial to the interest of the company; and
- (d) As per the records produced before us, there is no stipulation regarding repayment of the loan.

4. In our opinion and according to information and explanation given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods.
5. (a) On the basis of our examination of the books of account, we are of the opinion that the transactions that need to be entered in the register in pursuance of Section 301 of the Act have been entered in the said register.  
  
(b) In our opinion, and according to the information & explanation given to us, the transactions made during the year with parties covered under Sec.301 of the Act have been at prices which are reasonable, having regard to the prevailing market price.
6. According to the information and explanation given to us, the company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Act and the rules framed there under. Hence the provisions of clause 4(vi) are not applicable to the company.
7. In our opinion and according to information and explanation given to us, the Company's present internal audit system is commensurate with its size and the nature of its business.
8. We have reviewed the books of accounts maintained by the company, where, pursuant to the rules made by the Central Government, the maintenance of Cost Records have been prescribed u/s. 209(1) (d) of the Companies Act, 1956. We are of the view that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also Management representations, undisputed statutory dues in respect of Provident fund, Profession tax, Income Tax, Sales Tax, Value added tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues, if any, applicable to it, has been regularly deposited with the appropriate authorities.  
  
(b) As per the information and explanation given to us and the record produced before us, there is no disputed amount payable in case of Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or cess except for the following:-

<b>Statute and Nature of Dues</b>	<b>Amount Not Deposited (In Millions `)</b>	<b>Forum where dispute is pending</b>
Excise Duty	130.86	Various Authorities
Service Tax	115.20	Various Authorities
Sales Tax	349.20	Various Authorities
<b>Total</b>	<b>595.26</b>	

10. In our opinion and as per the records produced before us, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year or in the immediately preceding financial year.
11. *According to information and explanation given to us and the records produced before us, the Company has defaulted in repayment of dues to financial institutions for principal and interest aggregating to Rs. 71.57 million. The delays had been ranging from two months to one year.*
12. According to information and explanation given to us, we are of the opinion that the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
13. In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to it. Hence the provisions of clause 4(xiii) are not applicable to the company.
14. According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Hence the provisions of clause 4 (xiv) is not applicable to the company.
15. According to the information and explanations given to us, we are of the opinion that the Company has not given guarantee for loans taken by others from a bank. Hence the provisions of clause 4 (xv) are not applicable to the Company.
16. According to the information and explanation given to us, no fresh term loans have been taken by the Company during the year. Hence the provisions of clause 4 (xvi) are not applicable to the company.
17. According to the records produced before us and upon the basis of overall examination of the Balance Sheet of the Company and according to information and explanations given



to us, we are of the opinion that there are no funds raised on short-term basis, which have been used for long-term investments.

18. As per the information and explanations given to us and based on the records produced before us, we are of the opinion that the Company has not made any preferential allotment of shares, during the year, to parties and Companies covered in the register maintained under Section 301 of the Companies Act, 1956. Hence the provisions of clause 4 (xviii) are not applicable to the company.
19. According to information and explanation given to us and based on the records produced before us, the company has not issued any fresh debenture during the year. Hence the provisions of clause 4 (xix) are not applicable to the company.
20. According to information and explanation given to us and based on the records produced before us, the Company has not raised any money by public issue during the year. Hence the provisions of clause 4 (xx) are not applicable to the company.
21. During the course of our examination of the books of account carried in accordance with the generally accepted auditing standards in India, we have neither come across any instance of fraud on or by the Company, either noticed or reported during the year, nor have we been informed of such case by the Management.

For and on behalf of  
**Todarwal & Todarwal**  
Chartered Accountants  
ICAI Reg No : 111009W

Sunil Todarwal  
Partner  
M. No. : 32512  
Dated : 22<sup>nd</sup> May 2013  
Place: New Delhi

For and on Behalf of  
**Sangram Paul & Co.**  
Chartered Accountants  
ICAI Reg No : 308001E

S. K. Paul  
Proprietor  
M. No. 13015  
Dated : 22<sup>nd</sup> May 2013  
Place: New Delhi

**MIDEAST INTEGRATED STEELS LTD.**  
H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi - 110 048  
**BALANCE SHEET AS AT 31st MARCH, 2013**

₹ in Mn.

PARTICULARS	Note No.	as at 31-Mar-2013	as at 31-Mar-2012
<b>EQUITY AND LIABILITIES</b>			
<b>Share Holder's Funds</b>			
Share capital	2	1,378.75	1,378.75
Reserves and surplus	3	3,746.78	2,463.33
<b>Non-current liabilities</b>			
Long-term borrowings	4	352.27	5 17.43
Deferred tax liabilities (net)	24.5	42.32	-
Other long-term liabilities	5	4,580.92	4,581.16
Long-term provisions	6	27.03	2 0.46
<b>Current liabilities</b>			
Trade payables	7	1,796.09	1,868.22
Other current liabilities	8	2,402.44	2,712.43
Short-term provisions	9	397.48	2 11.54
<b>TOTAL</b>		<b>14,724.08</b>	<b>13,753.32</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	10		
Tangible assets		8 ,559.50	8 ,881.56
Capital work-in-progress		1,070.14	766.10
Non-current investments	11	19.12	19.12
Deferred tax assets (net)	24.5	-	113.37
Long-term loans and advances	12	2,307.38	1 ,795.97
<b>Current assets</b>			
Inventories	13	1,517.17	1,070.01
Trade receivables	14	60.34	7 7.69
Cash and cash equivalents	15	767.62	713.85
Short-term loans and advances	16	422.81	315.65
<b>TOTAL</b>		<b>14,724.08</b>	<b>13,753.32</b>
<b>Notes forming part of the financial statements</b>	1 - 25		

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

As per our report of even date

**For Sangram Paul & Co.**

Chartered Accountants  
ICAI Reg No : 308001E

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

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2013

**For Todarwal & Todarwal**

Chartered Accountants  
ICAI Reg. No.111009W

**Sunil Todarwal**  
**Partner**  
**M.No. : 32512**

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

**J. K. Singh**  
**Director**

**Rita Singh**  
**CMD**

**Mayur Barvadiya**  
**Company Secretary**

**MIDEAST INTEGRATED STEELS LTD.**  
H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi - 110 048  
**PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

₹ in Mn			
PARTICULARS	Note No.	For the year ended 31-Mar-2013	For the year ended 31-Mar-2012
Revenue from operations (net)	17	7,287.79	5,467.55
Other income	18	264.39	38.31
<b>Total revenue</b>		<b>7,552.18</b>	<b>5,505.86</b>
<b>Expenses</b>			
Cost of materials consumed	19a	3,639.91	1,779.33
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19b	(143.58)	194.92
Employee benefits expense	20	334.45	226.31
Finance costs	21	19.00	61.59
Depreciation and amortisation expense	10	457.65	351.97
Other expenses	22	1,684.63	1,836.65
<b>Total expenses</b>		<b>5,992.06</b>	<b>4,450.77</b>
<b>Profit before tax</b>		<b>1,560.12</b>	<b>1,055.09</b>
<b>Tax expense:</b>			
Current tax		327.02	143.94
(Less): MAT credit		(327.02)	(143.94)
Tax expense relating to prior years		-	(0.95)
Deferred tax		(155.69)	(151.46)
<b>Profit for the year</b>		<b>1,404.43</b>	<b>902.68</b>
<b>Earnings per Equity share (of Rs. 10/- each)</b>			
Basic & Diluted (Rs.)		10.19	6.55
<b>Notes forming part of the financial statements</b>	<b>1 - 25</b>		

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

As per our report of even date

**For Sangram Paul & Co.**

Chartered Accountants  
ICAI Reg No : 308001E

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

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2013

**For Todarwal & Todarwal**

Chartered Accountants  
ICAI Reg. No.111009W

**Sunil Todarwal**  
Partner  
M. No. : 32512

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

**J. K. Singh**  
Director

**Rita Singh**  
CMD

**Mayur Barvadiya**  
Company Secretary

**MIDEAST INTEGRATED STEELS LTD.**

H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi - 110 048

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2013**

₹ in Mn

PARTICULARS	for the year ended 31-Mar-2013		for the year ended 31-Mar-2012	
<b>A. Cash flow from operating activities</b>				
Net Profit / (Loss) before extraordinary items and tax		1,560.12		1,055.09
<i>Adjustments for:</i>				
Depreciation and amortisation	457.65		351.98	
Finance costs	19.00		61.59	
Interest income	(61.58)		(27.67)	
Rental income	(8.04)		(8.23)	
Preliminary Expenses written off	9.17		9.17	
Net unrealised exchange (gain) / loss	36.53		190.67	
		452.73		577.51
Operating profit / (loss) before working capital changes		2,012.85		1,632.60
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(447.17)		126.28	
Trade receivables	17.35		(3.13)	
Short-term loans and advances	(161.22)		(71.24)	
Long-term loans and advances	(511.41)		(672.00)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(72.13)		(143.15)	
Other current liabilities	(355.69)		142.00	
Other long-term liabilities	(0.24)		(1.55)	
Short-term provisions	136.31		115.39	
Long-term provisions	6.57		20.46	
		(1,387.61)		(486.94)
Cash generated from operations		625.23		1,145.66
<i>Net income tax (paid) / refunds</i>		54.05		28.03
<b>Net cash flow from / (used in) operating activities (A)</b>		<b>679.29</b>		<b>1,173.69</b>
<b>B. Cash flow from investing activities</b>				
Purchase of fixed assets, including CWIP	(439.63)		(309.97)	
Rental receipt	8.04		8.23	
Interest received	61.58		27.67	
		(370.01)		(274.07)
<b>Net cash flow from / (used in) investing activities (B)</b>		<b>(370.01)</b>		<b>(274.07)</b>



**MESCO STEEL**  
Partnering Progress

**Cash Flow Statement Contd.**

<b>C. Cash flow from financing activities</b>				
Proceeds from long-term borrowings	-		-	
Repayment of long-term borrowings	(165.16)		(535.31)	
Finance cost	(19.00)		(61.59)	
Dividends paid	(60.16)		0.00	
Tax on dividend	(11.18)	(255.51)	0.00	(596.90)
<b>Net cash flow from / (used in) financing activities (C)</b>		<b>(255.51)</b>		<b>(596.90)</b>
<b>Net increase / (decrease) in Cash and cash equivalents (A+B+C)</b>		<b>53.77</b>		<b>302.73</b>
Cash and cash equivalents at the beginning of the year		713.85		411.13
<b>Cash and cash equivalents at the end of the year</b>		<b>767.62</b>		<b>713.85</b>

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

As per our report of even date

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

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

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

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

**Sunil Todarwal**  
**Partner**  
**M. No. : 32512**

**J. K. Singh**  
**Director**

**Rita Singh**  
**CMD**

Place : New Delhi  
Date : 22<sup>nd</sup> May, 2013

**Mayur Barvadiya**  
**Company Secretary**

## Notes forming part of the financial statements

### 1: Significant accounting policies

#### a. Basis of accounting and preparation of financial statements

The financial statements are prepared under the historical cost convention, on an accrual basis and in accordance with the Generally Accepted Accounting Principles in India, the applicable mandatory Accounting Standards as notified by the Companies (Accounting Standards) Rules, 2006 and the relevant provisions of the Companies Act, 1956 of India.

#### b. Use of estimates

The preparation of the financial statements require estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognised in the period in which the results are known / materialised.

#### c. Inventories

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

#### d. Depreciation and amortisation

Depreciation has been provided on the straight-line method as per the rates prescribed in Schedule XIV to the Companies Act, 1956 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under:

Leasehold Assets are amortised over the duration of the lease

#### e. Revenue recognition

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

Other income is accounted on accrual basis.

#### f. Tangible fixed asgsets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other

incidental expenses incurred up to that date. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

Capital work-in-progress:

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

#### **g Intangible assets**

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

#### **h Foreign currency transactions and translations**

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

#### **i. Investments**

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

#### **j. Employee benefits**

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

**k. Borrowing costs**

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

**l. Taxes on income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

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

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

**m. Research and development expenses**

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

**n. Impairment of assets**

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





#### **o. Provisions and contingencies**

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

## Notes forming part of the financial statements

## 2: Share capital

Particulars	As at March 31, 2013 ₹ in Mn	As at March 31, 2012 ₹ in Mn
Authorised: 140,000,000 (P.Y. 140,000,000) Equity shares of ₹ 10/- each	1,400.00	1,400.00
Issued, Subscribed and Paid up: 137,875,000 (P.Y. 137,875,000) Equity shares of ₹ 10/- each	1,378.75	1,378.75
<b>TOTAL</b>	<b>1,378.75</b>	<b>1,378.75</b>

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	₹ in Mn	Numbers	₹ in Mn
<b>Equity Shares:</b>				
Opening Balance	137,875,000	1,378.75	137,875,000	1,378.75
Changes during the year	-	-	-	-
Closing Balance	137,875,000	1,378.75	137,875,000	1,378.75

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

Particulars	As at March 31, 2013		As at March 31, 2012	
	Numbers	%	Numbers	%
<b>Equity Shares:</b>				
Mideast (India) Ltd.	32,549,940	23.61	32,549,940	23.61
Mesco OMC Mining Corporation Ltd.	17,000,000	12.33	17,000,000	12.33
Stemcor India Private Ltd.	13,787,500	10.00	13,787,500	10.00
Mesco Steels Ltd.	13,146,800	9.54	13,146,800	9.54
Mesco Logistics Ltd.	12,051,700	8.71	12,051,700	8.71
Mesco Kalinga Steels Ltd.	10,000,000	7.25	10,000,000	7.25
<b>TOTAL</b>	<b>98,535,940</b>	<b>71.44</b>	<b>98,535,940</b>	<b>71.44</b>

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

## Equity Shares

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

## Notes forming part of the financial statements

### 3: Reserve and surplus

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
(a) Capital Reserves:		
Opening balance	1,642.61	1,642.61
Add: Changes during the year	-	-
Closing balance	1,642.61	1,642.61
(b) Security premium account:		
Opening balance	677.70	677.70
Add: Premium on Shres during the year	-	-
Closing balance	677.70	677.70
(c) Surplus / (Deficit) in Statement of Profit and Loss:		
Opening balance	143.02	(679.54)
Add: Profit / (Loss) for the year	1,404.43	902.68
Less: Proposed Dividend on Equity Shares	103.41	68.94
Less: Tax on Proposed Dividend	17.57	11.18
Closing balance	1,426.47	143.02
<b>TOTAL</b>	<b>3,746.78</b>	<b>2,463.33</b>

### 4: Long-term borrowings

Particulars	As at March 31, 2013		As at March 31, 2012	
	₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
	Non-current	Current	Non-current	Current
<b>Secured</b>				
Term loans from Other Parties	-	56.32	117.72	68.52
	-	56.32	117.72	68.52
<b>Unsecured</b>				
From Promoters	295.46	-	295.46	-
From Others	56.81	-	104.25	-
	352.27	-	399.71	-
<b>TOTAL</b>	<b>352.27</b>	<b>56.32</b>	<b>517.43</b>	<b>68.52</b>

Term loan of ₹ 56.32 Mn (PY ₹ 186.24 Mn) are secured by first charge way of hypothecation of two rakes consisting of 122 nos. BOXN-HS wagons of specification of RDSOSpec. WD-03-BOXN-HS-2003 under drawing no WD-80007/S-2 and two break vans to be acquired out of the facility ranking pari passu with the changes created in favour of existing lenders.

**Notes forming part of the financial statements****5: Other long-term liabilities**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Advances from customers	4,580.92	4,581.16
<b>TOTAL</b>	<b>4,580.92</b>	<b>4,581.16</b>

Note: Company has sufficient stock against the long term advances.

**6: Long-term provisions**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
(a) Provision for employee benefits:		
(i) Provision for gratuity	23.83	17.94
(ii) Provision for leave encashment	3.20	2.53
<b>TOTAL</b>	<b>27.03</b>	<b>20.46</b>

**7: Trade payables**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Micro, Small & Medium Enterprises	-	-
Others	1,796.09	1,868.22
<b>TOTAL</b>	<b>1,796.09</b>	<b>1,868.22</b>

**8: Other current liabilities**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Current maturities of long-term debt	56.32	68.52
Interest accrued and due on borrowings	1.59	-
Unpaid dividends	8.77	-
Statutory Dues	15.37	94.57
Payables against purchase of fixed assets	87.66	37.73
Trade / security deposits received	21.45	12.41
Advances from customers	2,211.28	2,499.20
<b>TOTAL</b>	<b>2,402.44</b>	<b>2,712.43</b>



**MESCO STEEL**  
Partnering Progress

## Notes forming part of the financial statements

### 9: Short-term provisions

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
(a) Provision for employee benefits:		
(i) Provision for gratuity	2.07	1.38
(ii) Provision for leave encashment	1.47	0.31
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	272.96	129.72
(ii) Proposed equity dividend	103.41	68.94
(iii) Tax on proposed dividend	17.57	11.18
<b>TOTAL</b>	<b>397.48</b>	<b>211.54</b>

### 10: Fixed Assets

₹ in Mn

Particulars	Gross Block				Depreciation				Net Block		
	As at March 31, 2012	Adjust. *	Addition	Ded.	As at March 31, 2013	As at March 31, 2012	During the year	Ded.	As at March 31, 2013	As at March 31, 2012	As at March 31, 2013
Land (Leasehold)	53.07	0.27	-	-	53.34	-	-	-	-	53.07	53.34
Land & Site Dev.	280.11	(9.67)	0.92	-	271.36	-	-	-	-	280.11	271.36
Building	1,286.31	-	62.21	-	1,348.52	122.72	21.13	-	143.85	1,163.59	1,204.67
Plant & Machinery	8,102.28	9.40	12.40	-	8,124.08	1,465.95	385.75	-	1,851.70	6,636.33	6,272.38
Furniture & Fixture	114.43	-	12.81	-	127.24	18.18	7.67	-	25.85	96.25	101.39
Office Equipments	7.18	-	4.54	-	11.72	1.98	0.56	-	2.54	5.20	9.18
Computers	60.45	-	10.53	-	70.98	43.46	10.13	-	53.59	16.99	17.39
Vehicles	23.72	-	7.32	-	31.04	8.18	2.72	-	10.90	15.54	20.14
V Sat	0.82	-	-	-	0.82	0.10	0.04	-	0.14	0.72	0.68
Railway Siding	613.75	-	24.93	-	638.68	0.06	29.65	-	29.71	613.69	608.97
<b>TOTAL</b>	<b>10,542.12</b>	<b>-</b>	<b>135.66</b>	<b>-</b>	<b>10,677.78</b>	<b>1,660.63</b>	<b>457.65</b>	<b>-</b>	<b>2,118.28</b>	<b>8,881.49</b>	<b>8,559.50</b>
Previous Year	8,220.97	-	2,321.16	-	10,542.13	1,308.60	351.97	-	1,660.57	6,912.37	8,881.56

\* Land and Plant & machinery earlier grouped under "Land and Site Development" corrected now

### 11: Non-current investments

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Investments (At cost):		
Long Term, Unquoted *	19.12	19.12
<b>TOTAL</b>	<b>19.12</b>	<b>19.12</b>

\* Keonjhar Infrastrucure Development Company Limited

## Notes forming part of the financial statements

## 12: Long-term loans and advances

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Capital advances		
Unsecured, considered good	59.91	38.27
Security deposits		
Unsecured, considered good	56.65	56.72
Loans and advances to related parties		
Unsecured, considered good*	1,689.09	1,526.66
Others		
Unsecured, considered good	22.32	21.94
MAT credit entitlement	479.40	152.39
<b>TOTAL</b>	<b>2,307.38</b>	<b>1,795.97</b>

\* For securing Long Term future supply of Iron Ore ₹ 1688.73 Mn (PY ₹ 1526.66 Mn)

## 13: Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Raw materials	503.21	217.94
Work-in-Progress	18.61	-
Finished goods	961.22	831.37
Goods-in-transit	2.55	7.43
Stores and spares	31.59	13.28
<b>TOTAL</b>	<b>1,517.17</b>	<b>1,070.01</b>

## 14: Trade receivables

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Trade receivables Outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	6.50	-
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	6.50	-
Other Trade receivables Unsecured, considered good	53.84	77.69
	53.84	77.69
Less: Provision for doubtful trade receivables	-	-
	53.84	77.69
<b>TOTAL</b>	<b>60.34</b>	<b>77.69</b>

## Notes forming part of the financial statements

### 15: Cash and cash equivalents

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Cash on hand	72.75	59.73
Cheques, drafts on hand	3.83	-
Balances with banks		
In current accounts	235.63	201.06
In deposit accounts	446.63	453.06
Unpaid dividend accounts	8.77	-
<b>TOTAL</b>	<b>767.62</b>	<b>713.85</b>

**Note:** Balances with banks include deposits amounting to ₹ 42.07 Mn (As at 31 March, 2012 ₹ 184.31 Mn) which are in earmarked accounts or against guarantee.

### 16: Short-term loans and advances

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Loans and advances to Suppliers		
Unsecured, considered good	129.07	95.83
Less: Provision for doubtful	-	-
Loans and advances to employees		
Unsecured, considered good	2.16	1.02
Less: Provision for doubtful	-	-
Prepaid expenses		
Unsecured, considered good	1.91	1.55
Balances with government authorities (CENVAT, VAT, Service Tax)		
Unsecured, considered good	243.70	202.69
Others Receivables		
Unsecured, considered good	43.62	5.38
Less: Provision for other doubtful loans and advances	-	-
Preliminary Expenses to the extent not written off	2.36	9.17
<b>TOTAL</b>	<b>422.80</b>	<b>315.65</b>

### 17: Revenue from operations

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Sale of products	7,873.70	5,767.67
Less: Excise duty	585.91	300.12
<b>TOTAL</b>	<b>7,287.79</b>	<b>5,467.55</b>

## Notes forming part of the financial statements

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Sale of products comprises:		
Class of Products		
Pig Iron	4,740.41	2,354.19
Minerals	2,547.38	3,113.37
<b>TOTAL - Sale of manufactured goods</b>	<b>7,287.79</b>	<b>5,467.56</b>

## 18: Other income

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Interest income (Refer Note below)	61.58	27.67
Rental Income	8.04	8.23
Prior period expenses reversed	192.84	-
Others	1.93	2.42
<b>TOTAL</b>	<b>264.39</b>	<b>38.31</b>
Note:		
Interest income comprises:		
Interest from banks deposits	60.87	26.40
Interest from others	0.71	1.26
<b>TOTAL</b>	<b>61.58</b>	<b>27.66</b>

## 19.a: Cost of materials consumed

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Opening stock	217.94	162.57
Add: Purchases	3,925.19	1,834.70
Less: Closing stock	503.21	217.94
<b>Cost of material consumed</b>	<b>3,639.91</b>	<b>1,779.33</b>
Material consumed comprises:		
Raw material - Iron ore	534.62	117.81
Raw material - Coke	2,795.11	1,585.39
Other items	310.18	76.13
<b>TOTAL</b>	<b>3,639.91</b>	<b>1,779.33</b>



**Notes forming part of the financial statements**

**19.b: Changes in inventories of finished goods, work-in-progress and stock-in-trade**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Inventories at the end of the year:		
Finished goods	963.76	838.80
Work-in-progress	18.61	-
	982.38	838.80
Inventories at the beginning of the year:		
Finished goods	838.80	1,033.72
	838.80	1,033.72
<b>Net increase / (decrease)</b>	<b>143.58</b>	<b>(194.92)</b>

**20: Employee benefits expense**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Salaries and wages	306.14	183.02
Contributions to provident and other funds	13.37	12.26
Provision for gratuity	7.51	19.32
Provision for leave	2.19	2.84
Staff welfare expenses	5.24	8.87
<b>TOTAL</b>	<b>334.45</b>	<b>226.31</b>

**21: Finance costs**

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
Interest expense on:		
Borrowings	14.51	61.54
Others	4.49	0.05
<b>TOTAL</b>	<b>19.00</b>	<b>61.59</b>

## Notes forming part of the financial statements

## 22: Other expenses

Particulars	As at March 31, 2013 ₹ in Mn	As at March 31, 2012 ₹ in Mn
Consumption of stores and spare parts	65.52	70.75
Mining Cost (including royalty)	872.32	947.90
Power and fuel	122.82	51.06
Repairs and maintenance - Buildings	5.17	6.18
Repairs and maintenance - Machinery	37.69	13.34
Insurance	6.69	5.05
Rates and taxes	13.29	1.66
Communication	5.27	20.98
Travelling and conveyance	58.97	23.72
Freight and forwarding	133.41	345.54
Donations and contributions	10.45	7.78
Legal and professional	66.54	64.85
Net loss on foreign currency transactions and translation	36.53	190.67
Payments to auditors (Refer Note (i) below)	1.30	0.20
Preliminary Expenses written off	9.17	9.17
Miscellaneous expenses	239.50	77.80
<b>TOTAL</b>	<b>1,684.63</b>	<b>1,836.65</b>

## Notes

Particulars	As at March 31, 2013	As at March 31, 2012
	₹ in Mn	₹ in Mn
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	1.30	0.2
<b>TOTAL</b>	<b>1.30</b>	<b>0.2</b>

## Notes forming part of the financial statements

### 23: Additional information to the financial statements

#### 23.1 Contingent liabilities (to the extent not provided for)

Particulars	As at March 31, 2013 ₹ in Mn	As at March 31, 2012 ₹ in Mn
Claims against the Company not acknowledged as debt:		
Central Excise, Customs and Service Tax	246.06	51.01
Sales Tax	349.20	58.35

#### 23.2 Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

The company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently the amount paid/payable to these parties is nil.

#### 23.3 Disclosure as per Clause 32 of the Listing Agreements with the Stock Exchanges

There are no loans and advances in the nature of loans given to subsidiaries, associates and others and investment in shares of the Company by such parties.

#### 23.4 Value of imports calculated on CIF basis:

Particulars	For the year ended 31, March, 2013 ₹ in Mn	For the year ended 31, March, 2012 ₹ in Mn
Raw materials	1,696.42	-
Capital goods	6.03	3.03

#### 23.5 Expenditure in foreign currency:

Particulars	For the year ended 31, March, 2013 ₹ in Mn	For the year ended 31, March, 2012 ₹ in Mn
Professional and consultation fees	1.28	1.96
Other matters	10.51	24.05

#### 23.6 Details of consumption of imported and indigenous items

Particulars	For the year ended 31st March, 2013	
	₹ in Mn	% <sup>a</sup>
23.7 Imported		
Raw materials	1,282.98 (NIL)	100% (NIL)
23.8 Indigenous		
Raw materials	2,533.40 (1,879.92)	97.24% (97.94%)
Spare parts	71.94 (39.51)	2.76% (2.06%)
<b>TOTAL</b>	2,605.34 (1,919.43)	100% 100%

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

**Notes forming part of the financial statements****23.9 Earnings in foreign exchange:**

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹ in Mn	₹ in Mn
Export of goods calculated on FOB basis	5.95	393.58

**24: Disclosures under Accounting Standards****24.1: Employee benefit plans****24.1.a: Defined contribution plans**

The Company makes Provident Fund contribution to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefit. The Company recognised ₹13.37 Mn (Year ended 31 March, 2012 ' ₹12.26 Mn) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at rate specified in the rules of the scheme.

**24.1 b: Defined benefit plans**

The following table sets out the provision for gratuity and leave amount recognised in the financial statements:

Particulars	₹ in Mn			
	year ended 31st March, 2013		year ended 31st March, 2012	
	Gratuity	Leave	Gratuity	Leave
<b>Components of employer expenses</b>				
Current service cost	3.92	1.51	3.48	0.70
Interest cost	1.60	0.22	-	-
Past service cost	-	-	15.70	2.00
Actuarial losses /(gains)	1.98	0.46	0.15	0.14
<b>Total expenses recognised in the Statement of Profit and loss</b>	<b>7.50</b>	<b>2.19</b>	<b>19.33</b>	<b>2.84</b>
<b>Actual contribution and benefit payment for year</b>				
Actual benefit payments	0.94	0.36	-	-
Actual contributions				
<b>Net asset / (liability) recognised in the B/s</b>				
Present value of defined benefit obligation	(25.88)	(4.68)	(19.32)	(2.84)
Fair value of plan assets	-	-	-	-
Funded status [(surplus / (Deficit)]	-	-	-	-
Unrecognised past service cost	-	-	-	-
<b>Net asset / (liability) recognised in the B/s</b>	<b>(25.88)</b>	<b>(4.68)</b>	<b>(19.32)</b>	<b>(2.84)</b>

## Notes forming part of the financial statements

₹ in Mn

Particulars	year ended 31st March, 2013		year ended 31st March, 2012	
	Gratuity	Leave	Gratuity	Leave
<b>Change in defined benefit obligations (DBO) during the year</b>				
Present value of DBO at beginning of the year	19.32	2.84	-	-
Current service cost	3.92	1.51	3.48	0.70
Interest cost	1.60	0.23	-	-
Actuarial (gains) / losses	1.98	0.46	0.15	0.14
Past service cost	-	-	15.70	2.00
<b>Present value of DBO at the end of the year</b>	<b>25.88</b>	<b>4.68</b>	<b>19.32</b>	<b>2.84</b>
<b>Actuarial assumptions</b>				
Discount rate	8.2%	8.2%	8.5%	8.5%
Salary escalation	6%	6%	6%	6%
Mortality tables	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)	LIC(1994-96)

### 24.2 Segment information

The Company business actively primary falls within a single business segment i.e. Iron and steel business and hence there are no disclosure to be made under According Standard (AS-17) "segments Reporting " issued by the Institute of Chartered Accountants of India.

### 24.3: Related party transactions

#### 24.3a: Details of related parties:

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. Jitendra Kumar Singh (Director) Mrs. Rita Singh (CMD) Mrs. Natasha Singh Sinha (Director Finance) Mrs. Shipra Singh Rana Mr. P. C. Sahu (Director)
<b>Relatives of KMP/ Company in which KMP / Relatives of KMP can exercise significant influence</b>	a) Mesco Steels Ltd. b) Mesco Logistics Ltd. c) Mesco Kalinga Steels Ltd. d) Mesco OMC Mining Corporation Ltd. e) Mideast (India) Ltd. f) Mesco Pharmaceuticals Ltd. g) Mesco Hotels Ltd. h) Mesco Airlines Ltd. i) Mesco Laboratories Ltd. j) Mesco Aviation and Technical Services Ltd. k) 21st Century Finance Ltd. l) Mesco India Ltd. j) Chhindwara Coal Washing Pvt. Ltd.

Note: Related parties have been identified by the Management

**Notes forming part of the financial statements**

24.3b: **Details of related party transactions during the year ended 31 March, 2013 and balances outstanding as at 31 March, 2013:**

₹ in Mn

Transaction during the year	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
Purchase of goods			
Mesco Steels Ltd.	-	-	259.81
	-	-	(NIL)
Advances Given			
Mesco Steels Ltd.	-	-	162.79
	-	-	(542.92)
Receiving of services			
Mesco Steels Ltd.	-	-	4.12
	-	-	(10.20)
Mesco Logistics Ltd.	-	-	2.40
	-	-	(6.00)
Rentals paid			
Mrs. Rita Singh	4.00	-	-
	(NIL)	-	-
Mrs. Natasha Singh Sinha	6.00	-	-
	(NIL)	-	-
Mrs. Shipra Singh Rana	0.60	-	-
	(NIL)	-	-
<b>Remuneration **</b>			
Mr. J. K. Singh *	15.72	-	-
	(NIL)	-	-
Mrs. Rita Singh *	31.72	-	-
	(NIL)	-	-
Mrs. Natsha Singh Sinha	18.51	-	-
	(5.16)	-	-
Mrs. Shipra Singh Rana	7.17	-	-
	(1.22)	-	-
Mr. P. C. Sahu	3.60	-	-
	(NIL)	-	-
Balances outstanding at the end of the year:			
Advances:			
Mesco Steels Ltd.	-	-	1,689.45
	-	-	(1,526.66)
Payables			
Mesco Logistics Ltd.	-	-	0.36
	-	-	(NIL)
Mr. J. K. Singh	1.50	-	-
	(NIL)	-	-
Mrs. Rita Singh	10.25	-	-
	(NIL)	-	-
Mrs. Natsha Singh Sinha	5.63	-	-
	(NIL)	-	-
Mrs. Shipra Singh Rana	1.04	-	-
	(NIL)	-	-

\* with effect from Aug. 2012

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

## Notes forming part of the financial statements

### 24.4 Earnings per share

Particulars	For the year ended 31 March, 2013	For the year ended 31 March, 2012
	₹ in Mn	₹ in Mn
Basic & Diluted		
Net profit / (loss) for the year attributable to the equity shareholders (₹ in Mn)	1,404.43	903.00
Weighted average number of equity shares	137,875,000	137,875,000
Par value per share (₹)	10	10
Earnings per share (₹)	10.19	6.55

### 24.5: Deferred tax (liability) / asset

Particulars	As at 31 March, 2013	As at 31 March, 2012
	₹ in Mn	₹ in Mn
Tax effect of items constituting deferred tax liability: On difference between book balance & tax balance of fixed assets	(408.63)	(503.29)
Tax effect of items constituting deferred tax liability	(408.63)	(503.29)
Tax effect of items constituting deferred tax assets: Provision for compensated leaves, gratuity and disallowances under Income Tax	10.39	6.86
Unabsorbed depreciation and business losses carried forward	355.92	609.80
Tax effect of items constituting deferred tax assets	366.31	616.66
<b>Net deferred tax (liability) / asset</b>	<b>(42.32)</b>	<b>113.37</b>

The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.

### 25. Previous year's figures

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

**MIDEAST INTEGRATED STEELS LTD.**

Registered Office : Mesco Tower, H-1, Zamrudpur Community Centre,  
Kailash Colony, New Delhi - 110 048

Folio No.

PROXY FORM

No. of Shares held

I/We ..... R/O .....

being a member/members of Mideast Integrated Steels Ltd. hereby appoint Mr./Mrs./Miss./

..... R/O .....

failing him/her Mr./Mrs./Miss .....

R/O .....

to vote for me/us on my/our behalf at 20<sup>th</sup> Annual General Meeting of the Company to be on Monday, the 30<sup>th</sup> September, 2013 and at any adjournment thereof

Affix a  
Revenue Stamp  
and sign thereon

Signed this .....day of 2013.

**Note :** The proxy form must be returned so as to reach the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting. The proxy need not be a member of the company.

**MIDEAST INTEGRATED STEELS LTD.**

Registered Office: Mesco Tower, H-1, Zamrudpur Community Centre,  
Kailash Colony, New Delhi - 110 048

Folio No.

ATTENDANCE SLIP

No. of Shares held

(To be handed over at the Registration Counter)

I hereby record my presence at the 20th Annual General Meeting of the Company to be held on Monday, the 30<sup>th</sup> September, 2013

**(ALL PARTICULARS SHOULD CONFIRM WITH THAT OF COMPANY'S RECORDS)**

Member's Name 1. \_\_\_\_\_

(in block letter) 2. \_\_\_\_\_

3. \_\_\_\_\_

Father's/Husband's Name \_\_\_\_\_

Complete Address \_\_\_\_\_

Proxy's Name \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

