



MESCO STEEL
Partnering Progress

20TH ANNUAL REPORT 2012 - 2013

**MIDEAST INTEGRATED STEELS LIMITED
NEW DELHI**



MESCO STEEL
Partnering Progress





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”

INDEX

CONTENTS	Page No.
Notice	1-11
Chairman's Statement	12-14
Directors' Report	15-21
Management Discussion and Analysis	22-26
Corporate Governance Report	27-37
Auditor's Report	38-44
Balance Sheet	45
Statement of Profit & Loss	46
Cash Flow Statement	47-48
Notes forming Part of the Financial Statement	49-66
Proxy Form	67

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the Members of Mideast Integrated Steels Ltd. will be held on Monday, the 30th 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 31st 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 31st 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 Tadarwal & Tadarwal, 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 Tadarwal & Tadarwal, 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 23rd September, 2013 to 30th 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 22nd 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, 1st 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.