



**MESCO STEEL**  
*Partnering Progress*

# **22<sup>nd</sup> Annual Report 2014-2015**

**MIDEAST INTEGRATED STEELS LIMITED  
NEW DELHI**



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## CORPORATE INFORMATION

<p><b><u>Board of Directors</u></b></p> <p><b><i>Chairperson cum Managing Director:</i></b> Mrs. Rita Singh (DIN 00082263)</p> <p><b><i>Director (Finance) &amp; CFO :</i></b> Mrs. Natasha Sinha (DIN 00812380)</p> <p><b><i>Whole Time Directors:</i></b></p> <ol style="list-style-type: none"> <li>1) Mr. Jitendra Kumar Singh (DIN 00090649)</li> <li>2) Mr. Hanumantha Rao Ravipati (DIN:00044028)</li> <li>3) Mr. Priyabrata Patnaik (DIN:01709955)</li> <li>4) Mr. Purna Chandra Sahu (DIN: 01262687)</li> </ol> <p><b><i>Independent Directors:</i></b></p> <ol style="list-style-type: none"> <li>1) Mr. Debiprasad Bagchi (DIN:00061648)</li> <li>2) Mr. Dipak Chatterjee (DIN:03048625)</li> <li>3) Mr. Gurjeet Singh Jawandha (DIN:00213573)</li> <li>4) Mr. Madhukar (DIN:00558818)</li> <li>5) Mr. Nandanadan Mishra (DIN:00031343)</li> <li>6) Mr. Sanjiv Batra (DIN:00602669)</li> </ol> <p><b><u>Company Information</u></b></p> <p>CIN: L74899DL1992PLC050216 H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048 Tel: +91 (11) 40587085 Website: www.mescosteel.in</p> <p><b><u>Joint Statutory Auditors</u></b></p> <p>M/s Tadarwal &amp; Tadarwal, Chartered Accountants 12, Maker Bhavan No.3, 1st Floor, 21, New Marine Lines, Mumbai - 400 020. Tel: +91 (22) 22083115</p>	<p><b><u>Joint Statutory Auditors</u></b></p> <p>Sangram Paul &amp; Co. Chartered Accountants 754-15 Jayadev Vihar. Bhubaneswar - 75 1 013 Ph.: 0674-2360863.</p> <p><b><u>Registrar and Transfer Agent</u></b></p> <p>M/s Skyline Financials Services Pvt. Ltd Address: D-153A, Okhla Industrial Area, Phase-II Tel: +91 (11) 26812682 Email: <a href="mailto:admin@sklylinerta.com">admin@sklylinerta.com</a></p> <p><b><u>Plant Location</u></b></p> <p>Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha</p> <p><b><u>Mines Location</u></b></p> <p>Panchvati, P.O: Barbil Road, Barbil, Keonjhar: 758035, Odisha</p> <p><b><u>Other Offices</u></b></p> <ol style="list-style-type: none"> <li>1) Mesco Towers, 3915, Lewis Road, Kedar Gauri Square, Bhubaneswar-751014</li> <li>2) 16, Strand Road, Diamond Heritage, 14<sup>th</sup> Floor, Room-1412, Kolkata- 700001</li> <li>3) 401, Silver Pearl   Opp. China Gate Restaurants, Waterfield Road   Bandra (W), Mumbai - 400 050</li> </ol>
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## CHAIRPERSON SPEECH

### Dear Shareholders,

It is my pleasure to be with esteemed shareholders on the occasion of 22<sup>nd</sup> Annual General Meeting of Mideast Integrated Steels Ltd. Your company has not only met the challenges of the year but also pressed ahead with its ambitious plans of expansion in capacities and capabilities. Despite the constraints in the supply of iron ore and a difficult business environment due to global and domestic factors during the year, your company has come out stronger and is now poised for a major transformational change.

In May 2014, iron ore mining operations at Roida came to a standstill on a legal issue. Against the backdrop of a sharp decline in the price of pig iron and difficulties in sourcing of iron ore, your company has delivered a robust performance.

### Financial Outcomes

Financial results of the year of 2014-15 were not in line with the past performance of the company; nevertheless the company achieved sales of Rs 5583 million and was able to show some profit in a very challenging year. This drop in performance was due to closing down of iron ore mine for the most duration of the year. This year is remarkable because your company has demonstrated its resilience by making investments for the future and acquired a steel plant during the year. I can say with confidence that the next year we will show a very strong performance in terms of top line and bottom line. I am happy to inform that in July 2015, mining operations at Roida Iron Ore Mine were resumed after a gap of over 14 months.

It is worth mentioning here, that your company is in a much better position than most of the steel companies, which are facing highly stressed balance sheets due to unsustainable debts and other operational issues.

### Operational Issues

Your company continued to make investments in the steel plant during the year. Work on wagon tippler and major revamp of second blast furnace were taken up. This would enable us to operate both blast furnaces with greater efficiency in the year 2015-16. The commissioning of the wagon tippler will be done the next year; this would save operating costs on material handling.

### Expansion

Indian steel industry is passing through a phase of major expansion; at the same time margins are under pressure with most of the companies having unsustainable debt levels requiring corporate debt restructuring. The national goal is to reach a capacity of 300 MTPA by 2025 while the current capacity is only 110 MTPA. Clearly there is enough room for expansion because of increasing steel demand in the country over the next decade.

Your company envisages being an integrated steel player at its core with diverse businesses having synergies with the steel business. As part of its main focus the company is all set to expand its capacity to 4.50 MTPA in a phased manner. Both organic and inorganic routes of expansion are being pursued. Inorganic route i.e. acquisition of troubled steel plants can quickly add to existing capacities. Further there is a strong case for such acquisitions due to strong balance sheet of the company. I am happy to inform that your company acquired Maithan Ispat Ltd. through a debt-equity deal. With this acquisition your company now has two steel plants with capabilities to produce pig iron, billets, sponge iron and heavy sections used as structural steel.

Modernization and expansion plan of Maithan Ispat Ltd. has been drawn up. In phases, two Electric Arc Furnaces (EAF) would be set up replacing existing Induction Furnaces, along with billet castor of matching capacity. A rolling mill for TMT bars has also been planned to produce TMT bars of Fe 500, Fe500D, Fe550 and Fe550D as per IS1786 specifications.



Existing power plant capacity of 30 MW will also be raised to meet power requirement of expanded facilities. Overall plan is to make Maithan Ispat a 1.0 MTPA plant by adding DRI kilns and other plants of appropriate capacities.

Statutory clearances for expansion of MISL steel plant are being obtained. In the first phase it is proposed to set up a basic oxygen furnace along with a rolling mill as well as commencing work on the third blast furnace to take capacity of the steel plant to 3.50 MTPA.

#### **Outlook for the Next Year**

The performance of the company in 2015-16 will rebound strongly. The company shall be running both its blast furnaces so production of pig iron would increase. The Roida Iron Ore Mine has resumed production in July 2015 after a long gap of 14 months. This has eased the supply of iron ore to the steel plant and in the process will improve the bottom line. In the next year prices of iron ore and coke and other raw materials will remain relatively low but the benefit of lower raw material will not be reflected in increased profitability due to softening of prices of pig iron. It is estimated that steel demand will grow at least by 5% in the next year but the prices of steel will remain under pressure, mainly due to rising cheap imports. Surplus capacity in steel in China is behind the drop in prices of commodities and surging imports of steel in India. Overall, despite these global factors, I believe your company will turn out a very strong performance with significant increase in revenue and profits.

#### **Corporate Social Responsibility**

Your Company has always treated people living around its areas of operations as the key stakeholders of the business. An entire gamut of community welfare projects as part of Corporate Social Responsibility of your company are planned and implemented year after year. Projects on improving health and education, drinking water and sanitation, along with plantation drive, building rural infrastructure, sponsoring sports and other cultural events of the local community are the areas where your company is an active partner and participant in and around its steel plants and mines. In the year 2014-15, the company spent over ₹ 23.18 million on various CSR projects. Construction of concrete roads, cycle shed, digging bore wells to improve supply of drinking water, providing furniture in schools, organizing free health camps were some of the highlights of community welfare programs during the year.

Your company is well positioned to expand its horizons while tackling various challenges. The knowledge, energy and solidarity of employees and other stakeholders make your company admirable. I also thank my fellow board members whose wise and rational advice is of great value in taking the company forward. Very special thanks to you, our shareholders and partners, for standing with the company in a positive spirit during a very challenging year, enabling your company to come out stronger.

Thank you for your attention.

## NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of the Members of the Company will be held on Monday, 28<sup>th</sup> September, 2015 at 11:00 a.m. at LUTYENS', 222/223, New Mangla Puri, Mehrauli Gurgaon Road, New Delhi - 110 030 to transact the following businesses:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet of the Company as at 31<sup>st</sup> March, 2015, the Profit and Loss Account of the Company for the year ended on that date, and the Reports of the Auditors and Directors thereon.
2. To appoint a Director in place of Mr. Hanumantha Rao Ravipati (DIN 00044028), Director of the Company, who retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment.
3. To ratify the appointment of the Statutory Auditors of the Company.

### SPECIAL BUSINESS

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

**"RESOLVED THAT** Mr. Gurjeet Singh Jawandha (DIN 00213573), who was appointed by the Board of Directors as an Additional Director of the Company with effect from 28<sup>th</sup> January, 2015 under Section 161(1) of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014, who is eligible for appointment and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Act signifying his intention to propose the candidature of Mr. Gurjeet Singh Jawandha (DIN 00213573), for the office of Director be and is hereby appointed as a Director of the Company.

**RESOLVED FURTHER THAT** pursuant to the provisions of Sections 149, 150 and 152 read with Schedule IV and other applicable provisions, if any, of the Act, the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modifications or reenactment(s) thereof for the time being in force), Mr. Gurjeet Singh Jawandha (DIN 00213573), who has submitted a declaration that he meets the criteria of independence under Section 149(6) of the Act, and who is eligible for appointment as an Independent Director, be and is hereby appointed as an Independent Director of the Company to hold office for five consecutive years up to the fifth consecutive AGM of the Company to be held in the year 2020, not liable to retire by rotation."

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

**"RESOLVED THAT** pursuant to Section 188 and other applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modification or re-enactment thereof for the time being in force) and subject to such other approvals, consents, permissions and sanctions of any authority as may be necessary, consent of the Company be and is hereby accorded to the Board of Directors to enter into contract with Maithan Ispat Limited (a subsidiary of the Company) ("MIL"), for sale of the products of the Company to MIL on the following terms and conditions:

- a) **Sale price:** The price for sale of the products of the Company shall be negotiated and agreed to by both parties based on estimated total costs and risk & return considering prevalent market conditions.

- b) **Payment Schedule:** To be agreed by both the parties on order to order basis.
- c) **Nature, material terms and particulars of the arrangement:** The contract is for sale of the products of the Company.
- d) **Duration of the contract:** The contract may be terminated by either party with prior notice to the other party.

**RESOLVED FURTHER THAT** the Board be and is hereby authorised to take all such actions and to give all such directions as may be necessary or desirable and also to settle any question or difficulty that may arise in regard to the proposed purchase, sale or supply of goods or materials (the "transactions"), either in part or in full, as it may, in its absolute discretion, deem appropriate, subject to the specified limits for effecting the aforesaid transactions and to do all such acts, deeds, matters and things and to execute all such deeds, documents and writings as may be necessary, desirable or expedient in connection therewith.

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

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

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) and other applicable provisions of Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) ("the Act"), the remuneration ₹ 1,00,000 (Rupees One Lakh Only) plus applicable service tax and reimbursement of out of pocket expenses for the Financial Year ending 31<sup>st</sup> March, 2016, as approved by the Board of Directors of the Company payable to M/s S.S. Sonthalia & Co, Cost Accountants, (Firm Registration No 00167) for conducting the Cost Audit of the records maintained by the Company be and is hereby ratified;

**RESOLVED FURTHER THAT** directors of the Company be and are hereby authorized to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution.

By order of the Board

For and on behalf of Mideast Integrated Steels Limited

Date: 12 .08.2015

Place: New Delhi

Sandhya Sethia

Company Secretary

#### NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the company.
2. The instrument appointing proxy should be deposited at the registered office of the company not less than forty-eight hours before commencement of the meeting.
3. A person can act as proxy on behalf of not more than fifty members and holding not more than ten percent of the total share capital of the company. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other person or shareholder. A Proxy form is sent herewith.



4. The Register of Members and Share Transfer Books of the Company will remain closed from 23<sup>rd</sup> September, 2015 to 28<sup>th</sup> September, 2015 (both days inclusive).
5. The Explanatory Statement for the proposed Special Resolutions pursuant to Section 102 (1) of the Companies Act, 2013, read with Section 110 of the Companies Act, 2013, setting out material facts are annexed herewith.
6. The Government took a 'Green Initiative in Corporate Governance' in 2011 by allowing the Companies to service the documents to its Members through electronic mode. Accordingly Electronic copy of the Annual Report for the financial year 2014-15 along with Notice of the 22<sup>nd</sup> Annual General Meeting of the Company indicating the process and manner of e-voting along with Attendance Slip, Proxy Form and Ballot Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. Members are requested to update their email Id's with the Company in the enclosed form for receiving the notices and other documents at their email address.
7. For members who have not registered their email address, physical copies of the Notice of the 22<sup>nd</sup> Annual General Meeting of the Company *inter alia* indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.
8. Corporate Members intending to send their authorised representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with their respective specimen signatures authorising their representative(s) to attend and vote on their behalf at the Meeting.
9. Members may also note that the Notice of the 22<sup>nd</sup> Annual General Meeting and the Annual Report for 2015 will also be available on the Company's website [www.mescosteel.co.in](http://www.mescosteel.co.in). The Notice of AGM shall also be available on the website of CDSL viz. [www.evotingindia.com](http://www.evotingindia.com)
10. The Board vide its Resolution passed on 12<sup>th</sup> August, 2015 has appointed Mr. Mohit Dahiya, Practising Company Secretary (Certificate of Practice No.: 11722), as Scrutinizer for conducting the e-voting process in accordance with the law and in a fair and transparent manner.
11. The Members/Proxies are requested to bring their copy of the Annual Report to the Meeting along with duly, filled in attendance slips for attending the Meeting.
12. 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.
13. Members are requested to dematerialise their shareholding.
14. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their depository participant only and not to the Company or its Registrar and Share transfer Agent.
15. Non-Resident Indian members are requested to inform the Company's Registrars, 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.
16. Members who hold shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members are advised to avail of the nomination facility by filing Form SH-13 in their own interest. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
17. Shareholders are advised to encash their dividend warrants pertaining to Dividend declared by the Company for the Financial Year 2011-12 and 2012-13, 2013-14 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.

18. Members are requested to:
  - (a) Send their queries, if any, to Company's Registered Office at H-1 Zamrudpur, Community Centre, Kailash Colony, New Delhi 110048 at least 10 days before the date of the Meeting so that information can be made available at the Meeting.
  - (b) Avail the dematerialization facility and get their shareholding dematerialized by sending the Dematerialization Request Form along with the Share Certificates through their Depository Participant.
  - (c) Notify immediately any change in their address to the Company or to the Company's Registrar and Share Transfer Agent quoting their folio number and also notify their e-mail address for prompt response.
19. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to Skyline Financial Services Private Limited, Registrar and Share Transfer Agent of the Company.
20. Members may please note that briefcase, bag, mobile phone and/or eatables shall not be allowed to be taken inside the hall for security reasons.
21. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide its Members the facility to exercise their right to vote by electronic means as an alternate mechanism. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL): for facilitating e-Voting in order to enable the Members to cast their votes electronically. Please note that e-Voting is optional.
22. The facility for voting, through ballot paper, will also be made available at the AGM and the members attending the AGM who have not already cast their votes by remote e-voting shall be able to exercise their right at the AGM through ballot paper. Members who have cast their votes by remote e-voting prior to the AGM may attend the AGM but shall not be entitled to cast their votes again.
23. Voting through electronic means:  
The instructions for e-voting are as under:
  - (i) The voting period begins on Friday, 25<sup>th</sup> September, 2015 at 9:00 Hours and ends on Sunday, 27<sup>th</sup> September, 2015 at 17:30 Hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Monday, 21<sup>st</sup> September 2015 (cut-off date) may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - (iii) Click on Shareholders.
  - (iv) Now Enter your User ID
    - a) For CDSL: 16 digits beneficiary ID,
    - b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (v) Next enter the Image Verification as displayed and Click on Login.
  - (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - (vii) If you are a first time user follow the steps given below: