

MIDEAST INTEGRATED STEELS LIMITED



MESCO STEEL
Partnering Progress

23rd ANNUAL REPORT **2015-2016**



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Partnering Progress

23rd Annual Report 2015-2016

**MIDEAST INTEGRATED STEELS LIMITED
NEW DELHI**

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CORPORATE INFORMATION

<p><u>Board of Directors</u></p> <p><i>Chairperson cum Managing Director:</i> Mrs. Rita Singh (DIN 00082263)</p> <p><i>Director (Finance) & CFO :</i> Mrs. Natasha Sinha (DIN 00812380)</p> <p><i>Whole Time Directors:</i></p> <ol style="list-style-type: none"> 1) Mr. Jitendra Kumar Singh* (DIN: 00090649) 2) Mr. Hanumantha Rao Ravipati (DIN:00044028) 3) Mr. Priyabrata Patnaik (DIN:01709955) 4) Mr. Purna Chandra Sahu (DIN: 01262687) <p><i>Independent Directors:</i></p> <ol style="list-style-type: none"> 1) Mr. Debiprasad Bagchi (DIN:00061648) 2) Mr. Dipak Chatterjee (DIN:03048625) 3) Mr. Gurjeet Singh Jawandha (DIN:00213573) 4) Mr. Madhukar (DIN:00558818) 5) Mr. Nandanadan Mishra (DIN:00031342) 6) Mr. Sanjiv Batra (DIN:00602669) <p><u>Company Information</u></p> <p>CIN: L74899DL1992PLC050216 H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048 Tel: +91 (11) 40587085 Website: www.mescosteel.com</p>	<p><u>Joint Statutory Auditors</u></p> <ol style="list-style-type: none"> 1) M/s Tadarwal & Tadarwal, Chartered Accountants 12, Maker Bhavan No.3, 1st Floor, 21, New Marine Lines, Mumbai - 400 020. Tel: +91 (22) 22083115 2) Sangram Paul & Co. Chartered Accountants 754-15 Jayadev Vihar. Bhubaneswar - 75 1 013 Ph.: 0674-2360863. <p><u>Registrar and Transfer Agent</u> M/s Skyline Financials Services Pvt. Ltd Address: D-153A, Okhla Industrial Area, Phase-II Tel: +91 (11) 26812682 Email: admin@sklylinerta.com</p> <p><u>Plant Location</u> Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha</p> <p><u>Mines Location</u> Panchvati, P.O: Barbil Road, Barbil, Keonjhar: 758035, Odisha</p> <p><u>Other Offices</u></p> <ol style="list-style-type: none"> 1) Mesco Towers, 3915, Lewis Road, Kedar Gauri Square, Bhubaneswar-751014 2) 16, Strand Road, Diamond Heritage, 14th Floor, Room-1412, Kolkata- 700001 3) 401, Silver Pearl Opp. China Gate Restaurants, Waterfield Road Bandra (W), Mumbai - 400 050
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*Mr. Jitendra Kumar Singh (DIN: 00090649), Whole Time Director resigned with effect from the close of business hours of May 30, 2015..

CHAIRPERSON SPEECH

Dear Shareholders,

On behalf of the Board of Directors, I welcome you all at the 23rd Annual General Meeting of the Company. I am delighted to share my views with the esteemed shareholders on this occasion.

A host of domestic and global factors have combined in adversely impacting business performance of the companies in the steel and mining sectors. Steel Sector was badly hit due to overcapacity and slowdown in China, which led to enormous strain on the Indian Steel. Despite these challenges, your company has come out stronger from the second successive challenging year.

Financial Performance

The turnover for the year 2015-16 was Rs.4880 Million, a little lower than in the previous year. This is partly due to the lower prices of pig iron in comparison to the prices in the previous year.

However in terms of profitability, your company was able to show a better performance in the year under review. Profit Before Tax (PBT), was up from Rs. 41.41 Million to Rs. 116.89 Million in the year. I strongly believe that as soon as the business cycles turns up, your company is well placed to outperform and create enhanced value for its shareholders.

Operational Results

In this period of turmoil, your company adopted prudent and cautious approach with a focus on retaining profitable operations.

The capital expenditure on the steel plant during the year was at Rs. 184.91 Million. Major work on complete revamp of one blast furnace was completed during the year. The other blast furnace was revamped last year. Due to falling prices of pig iron, the full advantage of this major capital expenditure on blast furnaces in terms of production could not be achieved during the year. Increased volatility in the prices of steel including pig iron constrained production at the plant. Work on wagon tippler was also taken up during the year.

Expansion Plans

Your company has taken both the inorganic and organic routes to expansion of capacities for achieving growth in the topline and the bottom line. I am very pleased to inform that due to the strong financials of your company, several opportunities for inorganic growth are on the table. As you are aware, last year your company completed the acquisition of Maithan Ispat Ltd. This was the first major acquisition of a steel plant by your company enhancing its capabilities to manufacture billet, sponge iron and heavy sections. In the current year, equity contribution of Rs. 563.90 Million was made in the newly acquired company as per the terms of the acquisition and revamp and modernization of this plant is also being taken up.

Given the inherent advantages of land, location and ready supportive infrastructure at the steel plant, your company is poised for a major brown-field expansion to raise the capacity to 3.50 MTPA in phases from the current capacity of 0.59 MTPA.

Corporate Social Responsibility

Welfare of the communities living in the periphery areas of your company has been integral to the philosophy of Mesco over the decades. In affirmation of our good work your company has bagged Gold Award under CSR category for running anti-malaria and anti-dengue campaigns in its project sites in Barbil and Jajpur.

Your company has contributed significantly in the areas of education, infrastructure, women's empowerment, sports and culture, drinking water and environment. During the year your company has spent Rs.31.06 Million on a range of CSR programs. The expenditure is well above the minimum required. We would continue to work for the welfare and development of our local communities.

New Delhi
August 25, 2016

Rita Singh
Chairperson cum Managing Director
DIN: 00082263

NOTICE

MIDEAST INTEGRATED STEELS LIMITED

CIN: L74899DL1992PLC050216

Registered Office: H-1, Zamrudpur Community Centre, Kailash Colony, New Delhi-110048

Website: www.mescosteel.com, Tel No.: 011-40587085

Notice is hereby given that the Twenty Third Annual General Meeting of the Members of the Company will be held on Tuesday, September 27, 2016 at 11.30 a.m. at Kamani Auditorium, 1, Copernicus Marg, New Delhi-110001 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements including audited consolidated financial statements of the Company for the financial year ended March 31, 2016 together with the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Priyabrata Patnaik (DIN 01709955), 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 Statutory Auditors of the Company, 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 139 and all other applicable provisions of the Companies Act, 2013 and the Companies (Audit and Auditors) Rule, 2014 the members of the company do hereby ratify the appointment of M/s. Tadarwal&Tadarwal (Registration No.111009W) Chartered Accountants & M/s Sangram Paul & Co (Registration No. 308001E) Chartered Accountants as Statutory Auditors of the Company to hold office upto the conclusion of 24th Annual General Meeting, who were appointed in the 21st Annual General Meeting (held on September 20, 2014) to hold office for a period of 3 years until the conclusion of the 24th Annual General Meeting, on a remuneration plus reimbursement of out-of-pocket expenses, as may be decided by the board of directors."

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 pursuant to the provisions of Section 148 and all other applicable provisions, if any, of the 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 payment of remuneration of Rs.1,00,000 (Rupees One Lakh only) plus applicable service tax and reimbursement of out of pocket expenses subject to maximum of Rs.15,000 (Rupees Fifteen Thousand Only) to M/s S.S. Sonthalia & Co, Cost Accountants, (Firm Registration No 00167) who were re-appointed by the Board of Directors of the Company as the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending March 31, 2017, be and is hereby approved.
"RESOLVED FURTHER THAT the Board of Directors of the Company be and is here by authorized to do all such acts, deeds, matters and things and to take all such steps as may be necessary, proper and expedient to give effect to this resolution."
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 the provisions of Section 188 of the Companies Act, 2013 ("the Act") and Regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR) Regulations 2015) (including any statutory modification(s) or re-enactment thereof for the time being in force), approval of the members of the Company be and is hereby accorded to the Audit Committee and the Board of Directors to authorize the management of the Company to enter into below mentioned transactions, with Maithan Ispat Limited and MESCO Steels Limited, 'Related Parties' as defined under Section 2(76) of the Act and SEBI (LODR) Regulations 2015 and such other transactions as required in connection to efficiently carry out the operations of the Company.
 - a) **Sale, Purchase & Services to be received from Maithan Ispat Limited (Limit of Rs. 350 Crore from September 30, 2016 till September 30, 2017)**
 - i) Purchase and Sale of Blooms, Billets, Sponge Iron, Pig Iron, Scrap, Coal or any other goods.
 - ii) All other types of services to be received in connection with the business of the Company.

b) Sale and Purchase to be done with Mesco Steels Limited (Limit of Rs. 250 Crore from September 30, 2016 till September 30, 2017)

i) Purchase and Sale of Sponge Iron, Pig Iron, Scrap, Coke, Coal or any other goods.

ii) All other types of services to be received in connection with the business of the Company.

RESOLVED FURTHER THAT the Board and audit committee 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."

By order of the Board
For and on behalf of Mideast Integrated Steels Limited

New Delhi
August 25, 2016

Rita Singh
Chairperson Cum Managing Director
DIN:00082263

NOTES:

1. An Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the ensuing Annual General Meeting is appended hereto.
2. **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. The instrument appointing a proxy in order to be effective should be duly stamped, filled, signed and must be deposited at the Registered Office of the Company not less than 48 hours before commencement of the meeting. A Proxy form is sent herewith. A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.**
3. 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.
4. 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.
5. Annual Report and AGM Notice is available at the website of the Company at www.mescosteel.com in the Investor Relation Section.
6. The Notice of AGM along with the Annual Report 2015-16 is being sent by electronic mode to those members whose email address is registered with the Company / Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their email address, physical copies are being sent by the permitted mode.
7. The Company has engaged the services of CDSL as Agency to provide e-voting facility.
8. The Register of Members and Share Transfer Books of the Company will remain closed from September 22, 2016 to September 27, 2016 (both days inclusive).
Relevant documents referred to in the accompanying Notice and the Statement including Register of Members and Share Transfer Books are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
9. Shareholders who are yet to encash their earlier dividend warrants for the years from 2011-12 to 2013-14 (Final Dividend) are requested to contact the Company Secretary immediately for revalidation of the dividend warrant or

issue of fresh demand draft 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.

10. 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.
11. A person who has acquired shares & become a member of the company after the dispatch of notice of AGM & holding shares as of cut-off date, may obtain the login ID & password by sending a request at investors@mescosteel.com. However, if the person is already registered with the CDSL for remote e-voting then the existing user ID & password can be used for casting vote.
12. Members seeking further information about the accounts are requested to write at least 7 days before the date of the meeting so that it may be convenient to get the information ready at the meeting.
13. Members are requested to:
 - (a) Notify immediately any change in their residential address to the Company or to Skyline Financial Services Private Limited, Company's Registrar and Share Transfer Agent at D-153A, 1st Floor, Okhla Industrial Area, Phase-I, New Delhi-110020 quoting their folio number and also notify their e-mail address for prompt response.
 - (b) Bring their copy of the Annual Report and Attendance Slip with them at the Annual General Meeting.
 - (c) Quote their Regd. Folio Number/DP and Client ID Nos. in all their correspondence with the Company or its Registrar and Share Transfer Agent.
 - (d) Register their e-mail address for receiving all communications including Annual Report, Notices, Circulars, etc. from the Company electronically.
 - (e) Dematerialise their shareholding.
14. 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.
15. 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.
16. In compliance with provisions of the Companies Act, 2013, the Company is also offering remote e-voting facility to the members to enable them to cast their votes electronically. Please note that remote e-voting is optional and not mandatory. Remote e-voting facility would remain open only from September 24, 2016 (9.00 AM) to September 26, 2016 (up to 5.00 PM). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of September 20, 2016, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Once the vote on a resolution is casted by the shareholder, the shareholder shall not be allowed to change it subsequently.
17. The facility for voting through polling paper shall be made available at the AGM & members who have not already cast their vote by remote e-voting shall be able to exercise their right at the AGM. The members who have ceased their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
18. **The instructions for shareholders for voting electronically are as under:-**
 - (i) The voting period begins on September 24, 2016 at 9:00 Hours and ends on September 26, 2016 at 17:00 Hours. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on Tuesday, September 20, 2016 (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.
 - (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 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:

For Members holding shares in Demat Form and Physical Form	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field
Dividend Bank Details Or Date of Birth(DOB)	<p>Enter the Dividend Bank Details or Date Of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv)

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for Mideast Integrated Steels Limited on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take out print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a Demat account holder has forgotten the login password then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- (xix) **Note for Non – Individual Shareholders and Custodians**
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.