



MESCO STEEL
Partnering Progress

24th ANNUAL REPORT 2016-17



Mideast Integrated Steels Limited



24th Annual Report 2016-2017

**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. Hanumantha Rao Ravipati (DIN:00044028) 2) Mr. Priyabrata Patnaik (DIN:01709955) 3) 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. Purna Chandra Sahu (DIN:01262687) has resigned with effect from December 21, 2016

CHAIRPERSON SPEECH

Dear Shareholders,

It is my pleasure to welcome you all at the 24th Annual General Meeting of Mideast Integrated Steels Ltd. The Board of Directors joins me in extending greetings to the esteemed shareholders on this occasion.

The last three years have been very challenging for the steel companies in general. The adverse business environment impacted your company.

I would like to inform the shareholders that pig iron prices through the year have remained low while there was exceptional spike in the coke prices. This uncommon situation made production of pig iron unviable. Just to put things in perspective, from November 2016 to March 2017, coke prices ranged between Rs 20,000 to Rs 24,000 per tonne, while pig iron prices remained around Rs 21,000 per tonne.

For preserving the shareholder value, the steel plant was kept in shutdown condition through the year. This decision enabled the company to post profit after tax of Rs 140.34 Million. The performance of your company is noteworthy in the face of extreme stress that steel companies are facing in India and globally. The profit is driven mainly by the mining operations, after absorbing the costs of shut-down of the steel plant.

Financial Outcomes

Your company has withstood the impact of negative business cycle without showing losses in the last three years. This performance of the company at the time of low tide in business is indicative of its inherent strengths.

In spite of the shutdown of the steel plant, your company was able to generate gross total turnover of Rs 2835.44 Million in the year 2016-17. This drop in turnover in comparison to Rs 5164.60 Million achieved in the previous year was accompanied by increase in profit after tax in 2016-17 to Rs 140.34 Million from Rs 86.06 Million in 2015-16.

The company also showed better performance in terms of EBITDA, which increased to Rs 844.92 Million in 2016-17 from Rs 734.18 Million in 2015-16.

Due to huge non-performing assets in the steel sector, banks are averse to lending to steel companies. This has resulted in delays in obtaining working capital for the steel plant despite the fact your company has no bad loans on its books.

With strong focus of controlling costs, the performance of the company is poised for a major improvement in its financial performance in the coming years.

Operational Performance

The company has revamped its blast furnaces and has made several improvements in operational practices. It is expected that these improvements would give cost advantage on resuming production at the steel plant. The timing of restarting the steel plant will depend on the softening of coke prices or uptick in the prices of pig iron.

With a view to improving operational efficiency and gearing up for the increased production, a major investment was made at Roida-I Iron Ore Mine during the year. A 600 tonnes per hour state-of-the-art crusher plant was commissioned. The iron ore mine achieved production of 2.65 Million Tonnes, second highest in its history. Efforts are on to raise the production of iron ore to 6.0 Million Tonnes. Necessary infrastructure has already been created for this purpose, and process is on for obtaining environment and forest clearances for achieving this ambitious goal.

Expansion Plans

The strategic approach of your company is to expand capacities both by way of acquiring stressed assets in the steel sector and to take up brownfield expansion of its existing steel plants. In view of the long-drawn downturn in the steel sector, your company is carefully examining the opportunities of offer for taking over steel plants.

The steel plant of your company has all the advantages for brownfield expansion of its capacity from 1.20 MTPA to 3.50 MTPA. In the light of National Steel Policy 2017, it is expected that priority would be given to expansion of capacities at the existing steel plants for meeting the ambitious national goal of 300 Million Tonnes per annum capacity. Various options for raising finances for starting the expansion of capacities are being considered.

The steel company – Maithan Ispat Ltd, which was taken over by your company in 2015 is being revamped and modernized for making the operations fully sustainable. As part of its commitments, your company has infused further capital of Rs 639.06 Million in this steel company, thereby ensuring repayment of interest and principal to the banks. A Rebar Mill and Electric Arc Furnace are being added to the steel plant.

Corporate Social Responsibility

In the field of corporate social responsibility, your company has been at the forefront all through its history. Improving the life of the communities living around steel plants and mine has been the focus of its myriad social welfare initiatives spanning education, health, water and sanitation, women's empowerment through skill development, and protection of environment. During the year your company spent Rs 29 Million on a range of CSR programs. The expenditure is well above the minimum required. Your company is committed to work for the welfare and development of the local communities.

For Mideast Integrated Steels Limited

New Delhi
August 8, 2017

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.:** 011-40587083

Notice is hereby given that the Twenty Fourth Annual General Meeting of the Members of the Company will be held on Wednesday, 27th Day of September, 2017 at 11.00 A.M. at The Claremont, Mehrauli Gurgaon Road, Aaya Nagar, Aya Nagar Phase 2, New Delhi -110047 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt audited Financial Statements for the year ended March 31, 2017, together with reports of the Directors and the Auditors thereon and the Consolidated Financial Statements for the year ended March 31, 2017 along with the Auditors' Report thereon.
2. 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 139 and other applicable provisions of Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof for the time being in force) and pursuant to the recommendation made by the Audit Committee and Board, M/s Tadarwal & Tadarwal LLP (Firm Regn No. 111009W/W100231), Chartered Accountants be and is hereby appointed as the Statutory Auditors of the Company individually, in place of the retiring Statutory Auditors M/s Sangram Paul & Co., (Firm Regn No. 308001E) Chartered Accountants to hold office from the conclusion of this 24th Annual General Meeting till conclusion of the 29th Annual General Meeting (subject to ratification of such appointment by the Members at every Annual General Meeting held after this Annual General Meeting up to and including the 28th Annual General Meeting) and that the Board be and is hereby authorised to fix such remuneration as may be recommended by the Audit Committee."

SPECIAL BUSINESS

3. 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 read with the read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for the time being in force), the payment of remuneration of Rs. 1,00,000 (Rupees One Lakh only) plus applicable Goods and Service Tax and reimbursement of out of pocket expenses subject to maximum of Rs. 15,000 (Rupees Fifteen Thousand Only) be and is hereby approved 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, 2018,."
- "RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby 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.
4. To consider and if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:
"RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to re-appoint Mrs. Rita Singh, as Managing Director of the Company for a period of 5 years with effect from August 1, 2017 upon the terms and conditions as detailed in the explanatory statement attached hereto and the Board of Directors be and is hereby authorised to alter and vary such terms of appointment and remuneration so as not to exceed the limits specified in Schedule V to the Companies Act, 2013 as may be agreed to by the Board of Directors and Mrs. Rita Singh.

RESOLVED FURTHER THAT the remuneration payable to Mrs. Rita Singh shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or in the event of absence of or inadequacy of profit in any Financial Year during her tenure the remuneration shall be governed as provided under Section II of Part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT Mrs. Rita Singh is appointed as a Managing Director on Board not liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid 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 recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to re-appoint Mrs. Natasha Sinha, as Whole Time Director of the Company for a period of 5 years with effect from April 1, 2017 upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mrs. Natasha Sinha.

RESOLVED FURTHER THAT the remuneration payable to Mrs. Natasha Sinha shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or in the event of absence of or inadequacy of profit in any Financial Year during her tenure the remuneration shall be governed as provided under Section II of Part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT Mrs. Natasha Sinha is appointed as a Whole Time Director on Board liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

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

“RESOLVED THAT pursuant to recommendation of the Nomination and Remuneration Committee, and approval of the Board and subject to the provisions of Sections 196, 197, 198, 203 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification or re-enactment thereof) read with Schedule- V of the Companies Act, 2013, approval of the members of the Company be and is hereby accorded to appoint Mr. Priyabrata Patnaik, as Whole Time Director of the Company for a period of 5 years with effect from August 1, 2017 upon the terms and conditions as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and / or agreement in such manner as may be agreed to between the Board of Directors and Mr. Priyabrata Patnaik.

RESOLVED FURTHER THAT the remuneration payable to Mr. Priyabrata Patnaik shall not exceed the overall ceiling of the total managerial remuneration as provided under Section 197 of the Companies Act, 2013 or in the event of absence of or inadequacy of profit in any Financial Year during his tenure the remuneration shall be governed as provided under Section II of Part II of Schedule V to the Companies Act, 2013 or other limits specified in Schedule V to the Companies Act, 2013.

RESOLVED FURTHER THAT Mr. Priyabrata Patnaik is appointed as a Whole Time Director on Board liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

7. 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 provision of Section 196, 197, 198 and 203 and all other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V of the said Act, consent of the members be and is hereby accorded to re-appoint Mr. Hanumantharao Ravipati (DIN-00044028) as Whole-time Director of the Company for a period of 3 years with effect from September 30, 2017 who has attained the age of 71 years, upon the terms and conditions and remuneration as detailed in the explanatory statement attached hereto, which is hereby approved and sanctioned with authority to the Board of Directors to alter and vary the terms and conditions of the said re-appointment and/or agreement in such manner as may be agreed to between the Board of Directors and Mr. Hanumantharao Ravipati.

RESOLVED FURTHER THAT notwithstanding anything to the contrary herein contained, where in any financial year during the tenure of Mr. Hanumantha Rao Ravipati as Whole Time Director, the Company incurs losses or its profits are inadequate, the Company shall pay to Mr. Hanumantha Rao Ravipati, the above remuneration by way of fixed salary, perquisites, allowances and other benefits, subject to the limits, restrictions / requirements stipulated under Schedule V read with Section 196 and 197 of the Companies Act, 2013 and related statutory regulations.

RESOLVED FURTHER THAT Mr. Hanumantharao Ravipati is appointed as a Whole Time Director on Board liable to retire by rotation.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things and execute all such documents, instruments and writings as may be required and to delegate all or any of its powers herein conferred to any Committee of Directors or Director(s) to give effect to the aforesaid resolution.

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

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, as amended from time to time, and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) for borrowing, from time to time, any sum or sums of monies which together with the monies 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 of the paid up capital of the Company and its free reserves provided that the total amount so borrowed by the Board shall not at any time exceed Rs. 50,00,00,00,000 (Rupees Five Thousand Crores Only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

RESOLVED FURTHER THAT any director of the company be and is hereby authorised to file necessary forms with the Registrar of Companies and to do or cause to do such other acts, deeds things and execute all such documents, undertaking as may be considered necessary in connection with or incidental to the above."

9. 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), the consent of the Company be and is hereby accorded to enter into the related party transactions by the Company with the respective related parties and for the maximum amounts per annum, as mentioned herein below:

Sr. No	Nature of Transactions as per section 188 of the Companies Act, 2013	Name of the Director/KMP who is related and nature of their relationship	Name of the Related Party	(₹ in Crore)	
				Receipts	Payments
1	sale, purchase or supply of Blooms, Billets, Sponge Iron, Pig Iron, Scrap, Coal or any other goods and all other types of services to be received incidental to such sale, purchase or supply	Maithan Ispat Limited is subsidiary of the Company	Maithan Ispat Limited	500	
2	purchase of iron ore or any other goods and all other types of services to be received incidental to such sale, purchase or supply	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO of the company are common director and promoters carry shareholding interest	Mesco Steels Limited	250	
3	Office of Place of profit to Mr. Jitendra Kumar Singh	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO are relative	Mr. Jitendra Kumar Singh		3.00
4	Office of Place of profit to Mrs. Shipra Singh Rana	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO are relative	Mrs. Shipra Singh Rana		1.00
5	Leasing/sublease/rent for office sharing of property	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoters carry shareholding interest	Mesco Kalinga Steels Limited		0.10
6	Leasing/sublease/rent for office sharing of property	Mrs. Natasha Sinha, Whole Time Director & CFO of the company, is a common director and promoters carry shareholding interest	Mesco Hotels Limited		0.10
7	Hiring of Vehicle	Mrs. Rita Singh, director of the company, is a common director and promoters carry shareholding interest	Mesco Logistics Limited		0.10
8	Hiring of Vehicle	Mrs. Rita Singh, director of the company and Mrs. Natasha Sinha, Whole Time Director & CFO of the company are common director and promoters carry shareholding interest	Mesco Steels Limited		0.10

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, Leasing/sublease/rent for office sharing of property, hiring of vehicle and office of place of profit to Mr. Jitendra Kumar Singh and Mrs. Shipra Singh Rana (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 8, 2017

Rita Singh
Chairperson Cum Managing Director
DIN: 00082263