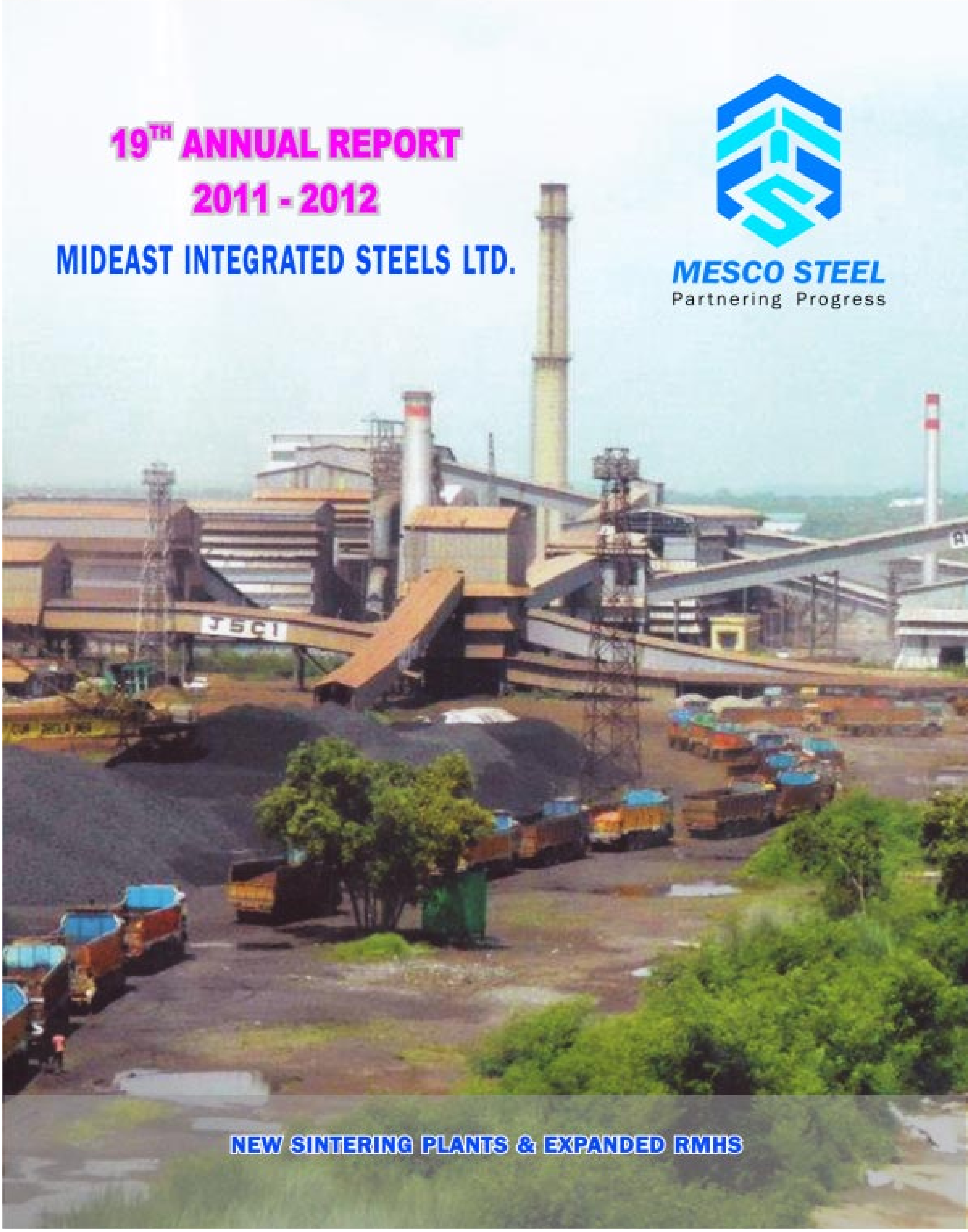
19TH ANNUAL REPORT
2011 - 2012
MIDEAST INTEGRATED STEELS LTD.

MESCO STEEL
Partnering Progress



NEW SINTERING PLANTS & EXPANDED RMHS

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MESCO STEEL
Partnering Progress

NOTICE

Notice is hereby given that the 19th Annual General Meeting of the Members of Mideast Integrated Steels Ltd. will be held on Wednesday, the 26th September, 2012 at 10.30 am at Sri Fort Auditorium, Hall No. 1, Asiad Village, New Delhi-110 049 to transact the following business.

Ordinary Business

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012 and the Profit and Loss Account for the year ended on that date and the reports of Auditors and Directors thereon.
2. To Declare a Dividend on the Equity Shares
3. To appoint a Director in Place of Mr. J.K Singh who retires by rotation
4. To appoint a Director in Place of Mr. R.H Rao who retires by rotation
5. To Re-appoint M/s Sangram Paul & Company as Auditors of the company and to fix their remuneration

   To Appoint M/s Todarwal & Todarwal Chartered Accountant as Joint Auditor of the company and to fix their remuneration

Special Business

To consider and if thought fit to pass the following as Ordinary Resolution

6. “RESOLVED THAT Mr. Debi Prasad Bagchi who was appointed as Additional Director from 27th March, 2012 be and is hereby appointed as a Director of the company.”
7. “RESOLVED THAT Mr. Sanjiv Batra who was appointed as Additional Director from 27th March, 2012 be and is hereby appointed as a Director of the company.”
8. “RESOLVED THAT Mr. Mr. Nandanandan Mishra who was appointed as Additional Director from 27th March, 2012 be and is hereby appointed as a Director of the company.”
9. “RESOLVED THAT Mr. Madhukar who was appointed as Additional Director form 13th April, 2012 be and is hereby appointed as a Director of the company.”
10. “RESOLVED THAT Mr. Puran Chandra Sahu who was appointed as Additional Director from 1st June, 2012 be and is hereby appointed as a Director of the company.”

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

11. **To shift the Registered office of the company**
    “RESOLVED THAT subject to provisions of sections 17, 18 and other applicable provisions of the Companies Act, 1956 and subject to the approvals of the Competent Government Authorities the Registered office of the company be and is hereby shifted from H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi - 110 048 to Mesco Towers, 3915, Lewis Road, Kedar Gauri Square Bhubaneswar - 751 002, Odisha.

    RESOLVED FURTHER THAT the Clause II of the Memorandum of Association of the company be and is hereby substituted by the following clause:

    “The Registered office of the company will be situated in the State of Odisha.”

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

12. **To reappoint Mrs. Rita Singh as a Managing Director**
    “RESOLVED THAT in accordance with the sections 198, 269, 309 and 317 read with schedule XIII

and all other applicable provisions, if any, of the Companies Act,1956 or any statutory modifications or re-enactment thereof, approval of the members be and is hereby accorded to the re-appointment of Mrs. Rita Singh as a Managing Director for a period of 5 years w.e.f. 1.08.2012 on the terms and conditions as set out in the Explanatory statement annexed to the notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary to give effect to this resolution."

None of the Directors except Mrs. Rita Singh, Mr. J.K. Singh and Ms Natasha Singh Sinha is interested in the resolution.

Board recommends it for your approval.

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

13. **To reappoint Ms. Natasha Singh Sinha as a whole time Director**

"RESOLVED THAT in accordance with the sections 198, 269, 309 and 317 read with schedule XIII and all other applicable provisions, if any, of the Companies Act,1956 or any statutory modifications or re-enactment thereof , approval of the members be and is hereby accorded to the re-appointment of Ms. Natasha Singh as Director (Finance) of the Company for a period of 5 years w.e.f. 1.04.2012 on the terms and conditions as set out in the Explanatory statement annexed to the notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary to give effect to this resolution."

None of the Directors except Mrs. Rita Singh, Mr. J.K. Singh and Ms Natasha Singh Sinha is interested in the resolution.

Board recommends it for your approval.

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

14. **Payment of Remuneration to Mr. J.K. Singh, Director**

"RESOLVED THAT in accordance with the sections 198,269, 309 and 317 read with schedule XIII and all other applicable provisions, if any, of the Companies Act,1956 or any statutory modifications or re-enactment thereof, approval of the members be and is hereby accorded for payment of Remuneration w.e.f. 1.04.2012 on the terms and conditions as set out in the Explanatory statement annexed to the notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary to give effect to this resolution."

None of the Directors except Mrs. Rita Singh, Mr. J.K. Singh and Ms.Natasha Singh Sinha is interested in the resolution.

Board recommends it for your approval.

Special Resolution

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

15. **To appoint Ms. Shipra Singh as General Manager- Procurement & Materials**

"RESOLVED THAT in accordance with the section 314 (1B) and all other applicable provisions, if any, of the Companies Act, 1956 or any statutory modifications or re-enactment thereof and subject to the approval of Central Government, approval of the members be and is hereby accorded to the appointment of Ms. Shipra Singh as General Manager - Procurement & Materials from 1.04.2012 on the terms and conditions as set out in the Explanatory statement annexed to the notice.

RESOLVED FURTHER THAT the Board be and is hereby authorized to do all acts and take all such steps as may be necessary to give effect to this resolution."

None of the Directors except Mrs. Rita Singh, Mr. J.K Singh and Ms. Natasha Singh Sinha are interested in the resolution.

Board recommends it for your approval.

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

16. Payment of Remuneration to Independent Directors.

"RESOLVED THAT in terms with Article 139 of the Articles of Association of the Company and Clause (b) of Sub –section (4) of section 309 of the Companies Act, 1956, and subject to approval of such statutory authorities, as may be required, authority be and is hereby accorded to the payment to the Directors of the Company not being Managing/Whole time Director(s) of the Company (to be divided among the Directors not in whole time employment of the Company in such manner, as the Board of Directors may from time to time determine) one percent of the net profits of the Company subject to a ceiling in each financial year over a period of five years including the financial year of the Company ending on 31st March, 2013."

None of the Directors except independent Directors are interested in the resolution.

Board recommends it for your approval.

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint Proxy to attend and vote instead of himself/herself and Proxy need not be a member of the company
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 relating to ITEM No. 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16 are annexed
3. SKYLINE FINANCIAL SERVICES PVT. LTD. "D-153 A, first Floor, Okhla Industrial Area, Phase -1, New Delhi-110 020" is the Registrar and Share Transfer Agent of the company
4. Members are requested to bring their attendance slip and their copy of the Annual Report. Proxy Form and attendance slip is attached.
5. Registers of Members will be closed from 15th September 2012 to 19th September 2012

Place: New Delhi **By order of the Board**

Date: 31.08.2012 **Company Secretary**

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

1. Item No. 6 to 10 :

The following persons were appointed as Additional Director of the company from the dates indicated against each.

a) Mr. Debi Prasad Bagchi - 27.03.2012
b) Mr. Sanjiv Batra - 27.03.2012
c) Mr. Nandanandan Mishra - 27.03.2012
d) Mr. Madhukar - 13.04.2012
e) Mr. Puran Chandra Sahu - 01.06.2012

None of the Directors except the above Directors are interested in this Resolution. Board recommends for your approval

2. Item No. 11 - Shifting of Registered Office
The Steel Plant is situated at Kalinga Nagar Industrial Area at Jajpur, Odisha. The Mines of the company are also situated in Barbil, District Keonjhar of Odisha. To expedite and closely monitor the ongoing activities, expansion of the steel plant, putting up of other green field projects and utilize the facilities available in Bhubaneswar, it is considered desirable to keep the registered office of the company in state of Orissa at Bhubaneswar or Jajpur subject to necessary approval of Government Authorities and Company Law Board. The Board recommends your approval and none of the Directors are interested in this resolution.

ITEM NO. 12

Mrs. Rita Singh is appointed as Managing Director for a period of 5 years from 1.08.2012 on the following remuneration approved by the Remuneration Committee:

A. Salary

` 15 Lakhs Per month

B. Perquisites

i. Housing - Nil
ii. Chauffer Driven Car - Leased by the company
iii. Leave Travel concession - For Self and family as per company rules/policy
iv. Medical reimbursement - Limited to one month salary per year
v. Club Facility - Membership of maximum of 2 clubs
vi. Entertainment Expenses - Actual
vii. Provident Fund, Gratuity, Encashment of leave and other terminal benefits as per company policy and statutory requirements.

C. Other Perquisites

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

D. Commission

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

ITEM NO. 13

Ms Natasha Singh Sinha is appointed as Whole time Director for a period of 5 years from 1.04.2012 on the following remuneration approved by the Remuneration Committee:

A. Salary

` 7.25 Lakhs per month

B. Perquisites

i. Housing - Rent free accommodation, subject to ceiling of ` 5 Lakhs per month
ii. Chauffer Driven Car - Subject to Maximum of ` 30000 per month
iii. Leave Travel concession - For Self and family as per company rules/policy
iv. Medical reimbursement - Limited to one month salary per year
v. Club Facility - Membership of maximum of 2 clubs
vi. Entertainment Expenses - Actual
vii. Provident Fund, Gratuity, Encashment of leave and other terminal benefits as per company policy and statutory requirements

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

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

ITEM NO. 14

Mr. J.K. Singh is appointed as whole time Director for a period of 5 years from 1.04.2012 on the following remuneration approved by the Remuneration Committee:

A. Salary
` 15 Lakhs Per month

B. Perquisites
a. Chauffer Driven Car - Subject to maximum limit of ` 30000 per month

C. Other Perquisites
Use of the company car, telephone, travelling expenses etc. for use for company business

ITEM NO. 15

Ms. Shipra Singh is appointed as General Manager - Procurement & Materials w.e.f. 1.04.2012 on the following remuneration approved by the Remuneration Committee:

A. Salary
` 5 Lakhs per month

B. Perquisites

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

C. Other Perquisites
Use of the company car, telephone, travelling expenses etc. for use under companies businessPursuant to the Section 314(1B)of the Companies Act, 1956, prior consent of the member by way of special resolution and also the approval of Central Government is required Hence the matter is placed before you for your approval by way of Special Resolution.

ITEM NO. 16

In terms of Article 139 of the Articles of Association of the Company and Clause (b) of Sub–section (4) of section 309 of the Companies Act, 1956). Board of Directors has approved the remuneration paid to other Directors not being whole time Director and Managing Director subject to an overall limit of 1% of net profits of the company and subject to a ceiling in each financial year over a period of five years including the financial year of the Company ending on 31st March, 2013.

Company Secretary

CHAIRMANS STATEMENT

Mesco Surges Ahead

I am happy to announce that your company, has delivered impressive performance for the third consecutive year. This performance is remarkable as it was achieved under stressful conditions in the market both domestically and globally. For our esteemed shareholders who have reposed faith in the company the time to reap rewards has come.

We have achieved record jump in sales by 44% and impressive 113% increase in PAT as we continue our focus on delivering value to our stakeholders.

Our Company has become an almost zero debt company, which is a rare phenomenon in this highly capital intensive industry. It is listed on Bhubaneswar Stock Exchange. I urge all the shareholders to convert their shares into Demat form.

Financial Outcomes

Against the negative growth in Euro Zone and very little growth in America and steep fall in growth in India and world at large, we have been able to increase the sale to ` 5467.55 million and operating profit to ` 1430.34 million and PAT at ` 902.68 million.

Looking at the above scenario, which is drastically different from the global scenario, including that of India, I have recommended a maiden dividend of 5%, which would involve outgo of ` 80.12 million from reserves.

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

Operational Excellence

Both in mine operations at Roida, Barbil and plant operations at Jajpur, the singular focus on improving efficiencies is beginning to yield results, getting reflected in superior performance. Output from the Roida mine is being ramped up to 6.0 million tonnes per annum. This would require complete revamping of mine operations, as it is well near impossible to have 2000 trucks moving daily in and out from the mine. Hence a conveyor belt is being commissioned at the mine for evacuation of iron ore, this would free up space for movement in the mine area and further enhance the operational efficiency. Together with this commissioning of 1400 tpd crusher is also under implementation.

A dedicated railway siding with four lines inside the steel plant at Jajpur has been commissioned and it can carry 6.2 million tonnes of cargo at present and is being expanded to carry 9 million tonnes of cargo. The Company has also invested into 2 rakes for haulage of the raw material into the plant. These two rakes having 128 BOXN wagons can carry approximately 8,000 tonnes of material. The efficiency gains in terms of saving time and cost would get reflected in the next year's balance sheet. One line of sinter plant has already been commissioned and is giving us the cost advantage in producing hot metal, while the second line is at a very advanced state of completion. The sinter plant of 2000 tonnes per day capacity will significantly reduce the operating costs as well as enhance efficiency of blast furnaces and productivity. Revamp of raw material handling yard and retrofitting of one blast furnace have also been taken up to maximize the operations at the steel plant. All these measures will boost the operational efficiencies.

Forward Integration

Seizing the current opportunity, we are already on our way to upgrading our steel plant into a fully integrated steel plant of 1.2 MTPA capacity. With an investment of ` 10 billion, a steel melt shop with a rolling mill for rebar and wire rod is being commissioned. It would have all the supporting plants to make it a state-of-the art integrated steel plant. A high level team has successfully concluded its trip to China for finalizing technical and financial details for the first phase of the expansion of the steel plant. In the second phase, the total capacity of the steel plant will be raised to 3.5 million tonnes per annum.

Commissioning of a slag processing unit of 0.5 million tonnes capacity, has also been initiated at Jajpur steel plant. This would lead to significant increase in the profitability by utilizing the slag generated in the steel making, at the same times this would be an important environment friendly initiative at the plant.

Mineral Resources

The Company has secured critical mineral resources- iron ore, coking coal, lime stone and dolomite, required for steel making, thereby preparing the way for sustainable growth for the years to come. The company has an underground coking coal block at Chhindwara in Madhya Pradesh having probable reserves of 30 million tonnes. The company also owns a limestone and dolomite mine in Katni (Madhya Pradesh). Opportunities for joint ventures in overseas countries are also being explored for adding to the reserves of mineral resources.

Market Scenario

Government of India has raised the export duty on iron ore to 30% making exports no longer a viable proposition. Your company is in the process of debonding from a 100% EOU to DTA resulting in savings, thereby having positive impact on operating profit. Despite slow down in India's economy and general gloomy scenario in the developed countries specially the Eurozone, commodity prices in general have held up. Cost advantages and focus on efficiencies in your company have prepared it to cope with the cyclical downturn through which we are currently passing. Through your support, we have come out of a period of great stress and see the current downturn as an opportunity to build for the future.

Mesco for People - Corporate Social Responsibility & Limiting Environmental Impact

We have remained committed partners of the local community. The ambit of corporate social responsibility encompasses safety of operations, community development and minimizing impact on environment. Keeping our mine and plant operations completely safe and environment friendly has always been the key concern of the management. The green cover in the steel plant has earned it the distinction of being the greenest steel plant in the country. Neither liquid, solid nor gaseous waste is generated by the operations of the plant. Energy efficiency has gone up following commissioning of the sinter plant. We are endeavoring to adopt best practices on environmental and safety issues in the plant. Substantial money is being spent on a daily basis on activities relating to corporate social responsibility around the mine. The company has spent ` 22.18 lakh on education, ` 33.22 lakh on health and sanitation and ` 9.67 lakh on infrastructure during the year around the Steel Plant. These initiatives on corporate social responsibility have found resonance in the people and the media.

Positive Outlook

Despite the threat of global headwinds of downturn hitting every industry hard, your company is placed in an advantageous position to deliver excellent financial performance and build for the future growth. Prices for iron ore and pig iron will remain viable in the year ahead in the domestic market. On the strength of ongoing revamping of facilities at the steel plant, Mesco Steel will be able to reduce costs even further and enhance productivity thereby generating handsome margins. Both turn over and operating profit are expected to remain high in the coming year. This back to back exponential growth will create enhanced value for our shareholders both in the short and the long run.

For assuming different set of challenging responsibilities, I have decided to demit the office of the Chairman of your company. I wish to place on records my gratitude to all our shareholders for giving me the opportunity to serve the company as Chairman for two decades. It is very satisfying to leave the company in almost debt free condition and proposing the maiden dividend, having gone through very stressful situation in the past and turnaround in the very positive way. I wish all success to the Company and its shareholders in their ambitious growth plans.

New Delhi — J.K. Singh
31.08.2012 — Chairman

MESCO STEEL
Partnering Progress

DIRECTORS' REPORT

TO THE MEMBERS

Your Directors have pleasure to present their 19th annual report of the Company for the year ended 31st March 2012.

Financial Results

PARTICULARS	Year 2011-12 ` in Mn	Year 2010-11 ` in Mn
Sales / Income	5467.55	3791.25
Total Expenditure	4037.21	2772.21
Operating profit	1430.34	1019.04
Add: Other Income	38.31	25.18
Profit Before Interest, Forex Fluctuation, Depreciation, Prior period items and Taxes	1468.65	1044.22
Less: Interest	61.59	283.81
Profit before Depreciation, prior Period items and Taxes	1407.06	760.91
Less: Depreciation	351.97	353.10
Profit Before Tax	1055.09	407.31
Less: Provision for Current Taxes	143.94	11.66
Add: MAT Credit	143.94	11.66
Less: Provision for Deferred Tax	151.46	(17.25)
Less: Provision for Earlier Years Taxes	0.95	-
Profit after Taxes	902.68	424.56
Add: Balance brought forward from the previous year	(679.54)	(1104.09)
Balance	223.14	(679.54)
Which the Directors have apportioned as under to:		
(i) Proposed Dividend	68.94	-
(ii) Tax on Dividends	11.18	-
Total	80.12	-
Balance carried to Balance Sheet	143.02	(679.54)

Dividend

Your Board have great pleasure to recommend a Maiden Dividend of 5% of the face value of each share, amounting to ` 68.94 Mn on the paid up capital of the company of ` 1378.75 Mn as on 31.03.2012.

The dividend on Ordinary Shares is subject to the approval of the shareholders at the Annual General Meeting.

New Projects - Value Addition

Installation of a slag processing unit of 0.5 million tonnes capacity, has been started at Jajpur steel plant. This would lead to significant value addition to the slag generated in the process of steel making.

The company will also take up coal block development project and projects for commissioning a coal washery and a thermal power station from the middling of coal washery in Chhindwara district of Madhya Pradesh.

Necessary statutory approvals for dolomite and limestone mine at Katni are being obtained, and it is hoped that commercial production will start by the end of the coming financial year. Your company is investing in Mesco Magic Cement Ltd for setting up a 2.0 million tonnes cement plant at Rewa in Madhya Pradesh.

Expansion

Your company is upgrading the steel plant into a fully integrated steel plant of 1.2 million tonnes per annum capacity. With an investment of ` 10 billion, a steel melt shop with a rolling mill for rebar and wire rod will be commissioned. It would have all the supporting plants to make it a state-of-the art integrated steel plant. A high level team has successfully concluded its trip to China for finalizing technical and financial details for the first phase of the expansion of the steel plant. In the second phase, the total capacity of the steel plant will be raised to 3.5 million tonnes per annum.

The company has commissioned one line of the Sinter Plant and two lines of Railway Sidings during F.Y. 2011-12. In the next phase of expansion it is working on the plan to put up a steel making facilities, oxygen plant, Pulverized Coal dust injection unit, coke oven battery, Lime Plant, Rolling Mill and re-heating furnace with a forward integration to manufacture 1.2 mtpa of long products like Bars, Rebars, Rods and billets.

The company has already taken up steps for taking approvals / clearances to double the capacity of Iron ore mining Output with the regulators.

The Global Economy

The world economic outlook continues to be under stress, International Monetary Fund has predicted a growth of 3.5% in 2012 as against 3.9% in 2011. The projection for 2013 is slightly better at 3.9%. The advanced economies would continue to be sluggish in 2012 posting growth rate of 1.4%, which is lower than the 1.6% in 2011. Emerging and developing countries are also slowing down and are expected to grow by 5.6% in 2012 as against 6.2% growth in 2011. Weaknesses in financial markets and sovereign debt problems besetting the Euro Zone countries are likely to make only a marginal impact on global economy in general and emerging economies in particular. However capital volatility and declining exports will be seen in the remaining part of the year. Downside risks to this weaker global outlook continue to loom large. The most immediate risk is insufficient policy action that will further escalate the euro area crisis.

The US: The US is expected to achieve a growth rate of 2% in 2012, up from 1.7% in 2011. There are signs that the US economy is on a steady recovery path to post better numbers in 2013. Dealing with fiscal cliff via a medium term fiscal plan is critical for the US to consolidate the gains it has made since 2008. IMF estimates that the negative spillovers from the euro area, limited so far, have been partially offset by falling long-term yields due to safe haven flows. In the assessment of IMF, excessive fiscal tightening in the United States, given recent political gridlock may lead to lowering of growth. If policy makers fail to reach consensus on extending some temporary tax cuts and reversing deep automatic spending cuts, the U.S. structural fiscal deficit could decline by 4 percentage points of GDP in 2013. U.S. growth would then stall next year, with significant spillovers to the rest of the world. Moreover, delays in raising the federal debt ceiling could increase risks of financial market disruptions and a loss in consumer and business confidence.

Europe: Euro Zone is likely end the year 2012 with -0.3 % growth, which should improve to 0.7% in the year 2013. Even Germany will slow down to 1.0% in 2012 from 3.1% in 2011. According to IMF, the euro area periphery has been at the epicenter of a further escalation in financial market stress, triggered by increased political and financial uncertainty in Greece, banking sector problems in Spain, and doubts about governments' ability to deliver on fiscal adjustment and reform as well as about the extent of partner countries' willingness to help.

India: GDP at factor cost grew by 6.5% in 2011-12 in India as against 8.4% in 2010-11. Agriculture and allied sectors grew by 2.8%, while the industry was up by 3.4%, and services grew by 8.9%. The growth of industry was 7.2% in 2010-11, pointing to slowdown in industrial activity. Within Industry, mining and quarrying turned negative during 2011-12 and was at -0.9% while in the 2010-11 this sector was up by 5%.

According to Aug 2012 Review of Economy by Reserve Bank of India, the economy's performance in 2011-12 was marked by slowing growth, high inflation and widening fiscal and current account gaps. The economy grew at its slowest pace in nine years with mining, manufacturing and construction dragging the growth down. In spite of slowing growth, inflation stayed high for larger part of the year. Recession in the euro area and general uncertainty regarding the global economic climate chipped the external demand as well. Domestic policy uncertainties, governance and corruption issues amidst lack of political consensus on reforms led to a sharp deterioration in investment climate. The need is to tackle twin deficits - current account deficit which is at 4.4% of GDP and fiscal deficit at 5.1% of GDP which is likely to go beyond the already high limit that was budgeted.

The Global Iron & Steel Market:

Global steel demand is a function of global economic growth. In developing countries steel consumption is higher compared with developed countries. Emerging economies particularly China, Indonesia, Brazil and India would continue to be the main markets where growth in steel demand will be seen. According to World Steel Association, the demand for steel is expected to reach 1422 million tonnes in 2012 and would grow by 4.5% the next year touching 1486 million tonnes. Despite economic slowdown in the developed world, demand for steel will continue to be in the positive. IMF data suggests that in 2012, prices of commodities other than fuel have declined by 12% and in 2013 it is expected to see a further dip of 4%. In such a scenario, the prices of steel and iron ore may not go up in the immediate future. Already iron ore prices are down by 30% from their high in the beginning of 2012.

World Steel Association estimates that China's apparent steel use in 2012 is expected to increase by 4.0% to 649 million tonnes following 6.2% growth in 2011. In 2013, steel demand will again grow by 4.0% and reach 675 million tonnes. The decline in steel demand is on account of government's efforts to rebalance the economy and contain the real estate bubble. Despite falling prices, China continues to produce steel, as a result a forced destocking cannot be ruled out. Due to the difficulties being faced by the steel industry in China, it is expected that coking coal prices may come down during the year.

Management is of the view that China has already reached its saturation and it will be difficult for China to sustain the current levels.

India's steel use is forecast to grow by 6.9% to reach 72.5 million tonnes in 2012. In 2013, the growth rate in steel use is expected to accelerate to 9.4% on the back of urbanization and surging infrastructure investment. Therefore demand for steel will remain robust in the country.

Apparent steel use in the US is forecast to grow by a healthy 5.7% in 2012. In 2013, the steel use in the US is expected to grow by 5.6% to 99.5 million tonnes bringing it to 92% of the 2007 level.

Finance

Your Directors are glad to state that the Hon'ble High Court of Delhi has approved our proposal under section 391 to 394 of the Companies Act, 1956. Accordingly, your company has settled the payment with all major secured creditors like IDBI, IFCI, LIC, IIBI, SBI etc. amounting to ` 345.82 crores. except few unsecured creditors. The Payment of principal amount of around ` 17 crores was already made to IPICOL and matter relating to payment of interest is under settlement.

Deposits

The Company has not accepted fixed deposits during the financial year under review.

Auditors

M/s Sangram Paul & Co. Chartered Accountants, Statutory Auditors of the Company, retires at the conclusion of the ensuing Annual General Meeting and being eligible offers themselves for reappointment. A certificate under section 224(1-B) of the Companies Act, 1956 has been obtained from them. Further management has proposed to appoint M/s Todarwal & Todarwal Chartered Accountants as Joint Auditors of the company, subject to approval of shareholders, till the conclusion of the next Annual General Meeting of the company.

Directors

Mr. Debiprasad Bagchi, Mr. Sanjiv Batra, Mr. Nandanandan Mishra were appointed as Additional Director from 27th March, 2012. Mr. Madhukar who was appointed as Additional Director from 13th April, 2012. Also Mr. Puran Chandra Sahu who was appointed as Additional Director from 1st June, 2012

Mr. Debi Prasad Bagchi, Mr. Sanjiv Batra, Mr. Nandanandan Mishra, Mr. Madhukar and Mr. Puran Chandra Sahu will hold office till the date of the forthcoming Annual General Meeting and notices have been received from a Member proposing the candidatures of Mr. Debi Prasad Bagchi, Mr. Sanjiv Batra, Mr. Nandanandan Mishra, Mr. Madhukar and Mr. Puran Chandra Sahu for being appointed as Directors of the Company.

Shifting of Registered Office

Subject to the approval of the shareholders, Board has proposed to shift its registered office from H-1, Zamrudpur, Community Centre, Kailash Colony, New Delhi -110 048 to Mesco Towers, 3915, Lewis Road, Kedar Gauri Square Bhubaneswar - 751 002, Odisha.

Energy Conservation, Technology Absorption & Foreign Exchange Earnings & Outgo

The Particulars required in accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, are given in Annexure ‘A’.

Particulars of Employees

The information required under Section 217(2A) of the Companies Act, 1956 and the Rules there under, in respect of the employees of the Company, is provided in the Annexure forming part of this Report. In terms of Section 219(1)(b)(iv) of the Act, the Report and Accounts are being sent to the Members, excluding the aforesaid Annexure. The Annexure is available for inspection by Members at the Registered Office of the Company during business hours on working days up to the date of the ensuing AGM, and if any Member is interested in obtaining a copy thereof such Member may write to the Company Secretary.

Corporate Governance

Pursuant to Clause 49 of the Listing Agreement executed with the Stock Exchanges, a Management Discussion and Analysis, Corporate Governance Report, Managing Director's and Auditors' Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report. A Business Responsibility Report on the Company's corporate sustainability initiatives is also included.

Directors' Responsibility Statement

Pursuant to Section 217 (2AA) of the Companies Act, 1956, with respect to Director's Responsibility Statement, it is hereby confirmed that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed and that there are no material departures from the same;
2. The directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that year;
3. The directors have taken proper and sufficient care to the best of their knowledge and ability for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The directors have prepared the annual accounts of the Company on a 'going concern' basis.

Acknowledgement

Your directors wish to express their appreciation for the co-operation and support extended by various government and regulatory authorities, bankers, shareholders, all business associates and stakeholders of the company. The Directors also extend their appreciation to the executors of the staff and workers of the company.

On behalf of the Board of Directors

J.K. SINGH
CHAIRMAN

Place: NEW DELHI
Date: 31.08.2012

Annexure 'A' to Directors' Report

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

CONSERVATION OF ENERGY

ENERGY CONSERVATION MEASURES TAKEN:

* Commissioning of one strand of sinter 1X36 M^2 plant has helped in considerably reducing the energy consumption namely coke rate and improving productivity of Blast furnace.
* The coke rate has come down to 719 kg/Gross coke rate against 846 kg/Gross coke rate.
* BF productivity improved to 2.05 T/M3/Day against 0.99 T/M3/day during the same period.
* Further 100 % of solid waste generation in plant (flue dust, lime sludge, BF sludge and unused coke breeze etc.) is being recycled at sinter plant improving the environmental condition.
* Installation and successful operation of Staker-cum-Reclaimer has reduced fines generation in Raw Material Yard, which consists of Imported Coke, costliest energy provider to Blast Furnace. Hence, a lot of energy wastage has been reduced in terms of Coke fines.
* Turbo Generator #2 has been commissioned and running continuously. Commissioning of Turbo generator #1 is under progress and shall be put into operation by November 2012. Blast Furnace Gas is distributed in the following pattern so as CO emission to atmosphere is minimized.

  Priority #1 : Boiler (To reduce the LDO consumption)

  Priority #2 : Stove Heating

  Priority #3 : CPP (To run the Turbo Generator)

  Priority #4 : Sinter Plant
* After optimization of usage of Blast Furnace gas, the normal LDO consumption in power plant has reduced from 1.5KL/day to 0.9KL/Day (November 2011- July 2012). Also during start up of blast furnace, the LDO consumption has reduced from 24KL/day to 10.0KL/day.
* Also the Power Generation from Turbine Generator #1 has increased by 7000KwH/day after the Blast Furnace Gas optimization & carrying out major maintenance jobs e.g. replacement of bearings.

FORM - A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

	PARTICULARS	2011 - 2012	2010 - 2011
(A)	**POWER AND FUEL CONSUMPTION**		
1	**ELECTRICITY**		
	PURCHASED		
	UNITS / KWH ('000)	7700.40	3728.66
	TOTAL AMOUNT (` in Mn)	50.33	27.88
	RATE / UNIT (`)	6.53	7.48
2	**OWN GENERATION**		
	THROUGH STEAM TURBINE GEN. UNIT:		
	UNITS / KWH ('000)	4862.80	3073.86
3	**FUEL / LDO CONSUMPTION**		
	QUANTITY (K. LTRS.)	576.83	259.70
	TOTAL COST (` in Mn)	20.59	11.44
4	**UNITS EXPORTED**		
	UNITS / KWH ('000)	79.00	182.30
(B)	**CONSUMPTION FOR PRODUCTION**		
	ELECTRICITY		
	UNITS / KWH ('000)	12484.20	6620.22
	COST PER TONNE OF PRODUCTION (`)	553.83	587.73
	TOTAL COST (` in Mn)	50.32	27.88
	LOW ASH MET COKE		
	QUANTITY CONSUMED	72533.67	40726.48
	VALUE (` in Mn)	1378.13	740.21
	COST PER TON / PRODUCTION	15166.56	15603.05
	FUEL/LDO		
	QUANTITY (K. LTRS.)	579.83	259.70
	TOTAL COST (` in Mn)	20.59	11.44
	COST PER TON / PRODUCTION	226.64	241.07

Form - B

Form for disclosure of particulars with respect to Technology Absorption: 2011-2012

RESEARCH AND DEVELOPMENT

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

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

   Modifications have been made in hot air blasting, reheating of cooled air, water cooling system of Blast furnace, hot metal weighing system, raw material weighing system, spectrometer for quality check & control.

2. **BENEFITS DERIVED**
   Improvement in blast furnaces productivity;

3. **FUTURE PLAN OF ACTION**
   Standardization of processes and systems
   Full Implementation of ERP systems
   ISO implementation

4. **EXPENDITURE ON R & D (` in Mn)**
   (a) Capital ` 244.85
   (b) Recurring – ` 5.63
   (c) Total – ` 250.48
   (d) Total R & D expenditure as a percentage of total turnover (%) 6.45%

S. No	Particulars	Expenditure (` in Mn)
01	Exp. In chemicals, glass wares, argon gas and documentation	0.40
02	Exp. For R & D of environmental monitoring and control of pollution	2.00
03	Fixed expenditure	3.23
	Total expenditure towards R & D	**5.63**

Management Discussion and Analysis

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

1) BUSINESS REVIEW

Your company has made profit earnings before interest, forexe fluctuation, prior, period items, and depreciation, tax amortization (EBIDTA) of ` 1468.65 million as against ` 1044.22 million in the last year. The profit after tax is ` 902.68 million against ` 424.56 million last year on account of improved operational performance and higher net realizations. The coming year is also likely to achieve similar improved financial and operational performance because of the positive impact of commissioning the Sinter plant and other revamp activities.

2) INDUSTRIAL STRUCTURE & DEVELOPMENT

The company will complete and commission the second line of sinter plant taking the capacity to 2000 tpd and further expansion of Railway siding to 9.0 Million tonnes during the next year. Apart from this the company is also tying up funds for putting up facilities for coke oven, PCI, Oxygen, and rolling mill for production of long products upto 1.2 million MT. Company is also working on strategic alliance for taking up steel producing facilities upto 3.5 million MT in the next phase of expansion. This will position your company among fully integrated steel companies and to reap the benefits of economies of scale and having most of the raw material required to produce steel in its fold and, having a tremendous location advantages it is slated to be one of the most cost effective steel producers.

3) OPPORTUNITIES & THREATS

Your company has secured all the major raw material resources like Iron ore, coal and limestone which will position company among one of the lowest cost producers of steel in the world, also to meet not only the present but also the future expansion plans. The demand for steel being robust domestically and consumption growing at double digits your company sees growing opportunities in the coming years.

Weakening rupee is a source of threat, as the company imports good quality coke. However this would be partly offset by expected decline in the prices of coke. Further the company will be enable to get 30% Coke from own coking coal mine in Chhindwara, thereby reducing the overall cost and enhancing the profitability.

4) OUTLOOK

International Monetary Fund in its World Economic Outlook report of July 2012 has projected that the world economy is expected to grow at 3.5% in the year 2012 and 3.9% in 2013.The advanced economies are projected to grow at 1.4% while the emerging and developing economies will be growing at a higher level of 5.6%. Weaknesses in financial markets and sovereign debt problems besetting the Euro Zone countries are likely to make only a marginal impact on global economy in general and emerging economies in particular. Though, U.S.A is expected to grow by 2% in 2012, up from 1.7% in 2011, however it has to deal with fiscal issues urgently for sustaining its growth. Euro area countries will have to evolve political and financial solutions to solve the crisis. According to Reserve Bank of India, 2011-12 was marked by slowing growth (6.5%), high inflation and widening fiscal and current account gaps. The economy grew at its slowest pace in nine years with mining, manufacturing and construction dragging the growth down. In spite of slowing growth, inflation stayed high for larger part of the year. Strong policy action is needed to boost investment climate in the country.

5) INTERNAL CONTROLS & SYSTEMS

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

6) RISK MANAGEMENT

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

Contingent Liabilities

Details of contingent liabilities are given in notes to financial statements in the annual report.

7) ENVIRONMENT MANAGEMENT

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

8) INDUSTRIAL RELATIONS AND HUMAN RESOURCE MANAGEMENT

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

9) CAUTIONARY STATEMENT

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied.

Important factors that could make a difference to the Company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

Report on Corporate Governance

Company's Philosophy on Corporate Governance

Mideast Integrated Steels Ltd (MISL) defines Corporate Governance as a systemic process by which company is directed and controlled to enhance its wealth generating capacity to optimize returns for shareholders. Large corporations like yours which employs vast quantum of societal resources, we should ensure that these companies are managed in a manner that meets stakeholders' aspirations and societal expectations.

MISL firmly believes that Management must have the executive freedom to drive the enterprise forward without undue restraints; and this freedom of management should be exercised within a framework of effective accountability. MISL believes that any meaningful policy on Corporate Governance must provide empowerment to the executive management of the Company, and simultaneously create a mechanism of checks and balances which ensures that the decision making powers vested in the executive management is not misutilized, but is used with care and responsibility to meet stakeholder aspirations and societal expectations.

The core principles of Corporate Governance of MISL emerge as governance philosophy, namely trusteeship, transparency, empowerment and accountability, control and ethical corporate citizenship. We believe that the practice of each of these leads to the creation of the right corporate culture in which the company is managed in a manner that fulfills the purpose of Corporate Governance.

Compliance with the SEBI Code on Corporate Governance

Bhubaneswar Stock Exchange has recently relisted the company. Company is in process of complying with requirements of Clause 49 of Listing Agreement . The company has started the procedure to dematerialize its shares also there was no trading in shares of the company on any of the Stock Exchanges of India.

Board Composition and Particulars of Directors

PROMOTER DIRECTORS:

Mr. J.K. Singh	:	Chairman
Mrs. Rita Singh	:	Managing Director
Mrs. Natasha Singh Sinha	:	Director Finance

EXECUTIVE DIRECTORS:

Mr. R.H. Rao
Mr. P. C. Sahu

INDEPENDENT DIRECTORS:

Mr. Debiprasad Bagchi
Mr. Sanjiv Batra
Mr. Nandanandan Mishra
Mr. Madhukar

MESCO STEEL
Partnering Progress

Board Committees

Audit Committee
Mr. Madhukar (Chairman)
Mr. Sanjiv Batra
Mr. Nandanandan.Mishra
Mrs. Natasha Singh Sinha

Remuneration Committee
Mr. Debi Prasad Bagchi (Chairman)
Mr. Mr. Nandanandan Mishra
Mr. Sanjiv Batra
Mrs. Natasha Singh Sinha

Share Transfer and Investor Grievance Committee
Mr. Nandanandan Mishra (Chairman)
Mr. Sanjiv Batra
Mrs. Rita Singh

Business Development committee
Mr. J.K.Singh
Mrs. Rita Singh
Mr. Sanjiv Batra

The Board and the committee is assisted by a multi-disciplined team of Senior Professionals (Projects, Director, Mines In charge, Commercial In charge, Company Secretary, CGM's/GMs, Legal Counselors, in Project, Finance and Corporate Finance Departments, Strategic Management cell, HR Department, Administration / Facility Planning)' who have both wide experience and specific expertise in their respective domains/disciplines, to support the Corporate Management in achieving the Enterprise's Mission and Vision, while upholding its Core Values. The Company is in the process of inducting 5th independent director so as to fulfill the requirements of the listing agreement.

SUBSIDIARY COMPANIES

The Company has no subsidiary company.

DISCLOSURES

Related Party transactions

Related Parties and their transactions as specified under Clause 49 of the Listing Agreement and as required by AS-18 issued by the Institute of Chartered Accountants of India, forms part of notes to financial statements in the Annual Report.

Means of communications

The Annual Report	-	Yes
Quarterly Report	-	Yes
News Release	-	Yes
Website	-	www.mescosteel.com
Designated email ID	-	companysecretary@mescosteel.com

General Body Meetings

Current AGM, date, time and venue: Date: 26th Sept, 2012
Time: 10:30am
Venue: Siri Fort Auditorium, New Delhi

Location and time, where last three AGM's held

Year	Location	Date	Time
2010-11	D-3A, Ansal Villa, Satbari, New Delhi- 110 030	23.09.2011	9.30 A.M
2009-10	D-3A, Ansal Villa, Satbari, New Delhi- 110 030	27.09.2010	9.30 A.M
2008-09	D-3A, Ansal Villa, Satbari, New Delhi- 110 030	30.09.2009	9.30 A.M

Postal Ballot

* Whether resolutions were put through postal ballot last year : NO
* Details of voting pattern : NA
* Person who conducted the postal ballot exercise : NA
* Whether any resolution is proposed to be conducted through postal ballot : NA
* Procedure for postal ballot : NA

Details of non-compliance by the company, penalties, and strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

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

Registrars & Transfer Agents.
(For Information, Change of address, Share certificates etc.)
Skyline Financial Services (P) Ltd.,
D-153/A, 1st Floor, Okhla Industrial Area Phase - I
New Delhi - 110 020.

Compliance

Certificate from the Auditors regarding compliance of the conditions of Corporate Governance stipulated in Clause 49 of the Listing Agreement with Stock Exchanges is annexed herewith.

Shareholding Pattern as on 31.03.2012

S.No	Category of shareholder	Number of Shareholders	Total Number of shares	%
1	Share Holding of Promoter and Promoter group			
	Indian	13	90119770	65.36
	Foreign	1	2000000	1.45
	Total of Shareholding of Promoter and Promoter Group (A)	**14**	**92119770**	**66.81**
2	Public Shareholders			
	Institutions	985	1017200	0.74
	Others	195182	44738030	32.45
	Total Public Shareholding (B)	**196167**	**45755230**	**33.19**
	Total Shareholding (A)+(B)	**196181**	**137875000**	**100**

Shareholding Pattern by Size as on 31.03.2012

Share Holding	Share Holders Numbers	Total Shares	%
Up to 500	192671	24386070	17.69
501-1000	2123	1689200	1.23
1001-2000	738	1091600	0.79
2001-3000	189	468200	0.34
3001-4000	76	275500	0.20
4001-5000	45	208100	0.15
5001-10000	86	603000	0.44
10001- Above	81	109153330	79.17
	196009	**137875000**	**100**

On behalf of the Board of Directors

J.K. SINGH
CHAIRMAN

Place: NEW DELHI
Date: 31.08.2012

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the Members of

MIDEAST INTEGRATED STEELS LTD.

We have examined the compliance of conditions of corporate Governance by Mideast Integrated Steels Limited for the year ended on 31st March 2012, as stipulated in Clause 49 of the Listing Agreement of the said company with stock exchanges in India.

The Compliance of conditions of corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of corporate Governance. It is neither an audit nor an expression of opinion on the Financials statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of corporate governance as stipulated in Clause 49 of the above – mentioned Listing Agreement.

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

FOR SANGRAM PAUL & CO.
CHARTERED ACCOUNTANTS
(Firm Regn No.: 308001E)

S.K. PAUL
PROPRIETOR

Place : New Delhi
Date : 31st August, 2012

MEMBERSHIP NO. : 13015

AUDITOR'S REPORT

To The Members of
Mideast Integrated Steels Limited

1. We have audited the attached Balance Sheet of MIDEAST INTEGRATED STEELS LIMITED ("the Company") as at 31st March 2012, the Statement of Profit and Loss and the Cash Flow Statement of the company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditors' Report) Order, 2003 (CARO) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to above, we report that:

   i) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   ii) in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

   iii) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;

   iv) in our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;

   v) on the basis of written representations received from the directors and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

   vi) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March 2012;

(b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date;

and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

FOR SANGRAM PAUL & CO.
CHARTERED ACCOUNTANTS
(Firm Regn No.: 308001E)

S.K. PAUL
PROPRIETOR

Place : New Delhi
Date : 31st August, 2012

MEMBERSHIP NO. : 13015

Annexure to Auditor's Report
Referred to in paragraph 3 of the Report of even date

(i) a. The Company has maintained proper records showing particulars, including quantitative details and situation of the fixed assets on the basis of available information.

b. Physical verification of fixed assets is carried out in a phased manner as determined by management, whereby assets held at the Company's factories have been verified during the year. The programme of verification is reasonable considering the nature of assets and size of the Company and no material discrepancies were noticed on such verification.

c. No substantial part of the fixed assets of the Company has been disposed off during the year.

(ii) a. The inventories have been physically verified during the year by the Management. In our opinion, the frequency of verification is reasonable.

b. The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.

c. The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 301 of the Companies Act, 1956. Consequently, clauses (iii) (a) to (iii)(g) of paragraph 4 of CARO are not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business for the purchases of inventory, fixed assets and for the sale of goods and services.

(v) a. According to the information and explanations given to us, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that needed to be entered have been so entered; and

b. In our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts or arrangements entered in the register maintained under Section 301 of the Companies Act, 1956, where each of such transaction is in excess of Rs. 5 lakhs, have been made at prices which are prima facie reasonable having regard to prevailing market prices at the relevant time.

(vi) According to the information and explanations given to us, we are of the opinion that the company has not accepted any deposits from the public. Therefore provisions of clause (vi) of paragraph 4 of CARO are not applicable.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and the nature of its business.

(viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the records with a view to determining whether they are accurate or complete.

(ix) a. According to the records of the company, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues, including Provident Fund, Investor Education and protection Fund, Employee's State Insurance, Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty, Cess and other material statutory dues applicable to it.

b. According to the information and explanations given to us, no undisputed amounts in respect of Income-tax, Sales-tax, Wealth Tax, Service tax, Customs Duty, Excise Duty and Cess were in arrears as at 31st March, 2012 for a period more than six months from the date they became payable.

c. Details of dues of Sales tax, Excise Duty and Cess which have not been deposited on account of any dispute as on 31st March, 2012 on account of disputes are given below:

Name of the Statue	Period to which the matter pertains	Forum where matter is pending	Amount (`in Crores)
Central Excise Act	Various years from 1997-98 to 2010-11	CESTAT/ Commissioner (Appeals)	3.01
Sales tax	2005-06	Joint/Deputy Commissioner/ Commissioner (Appeals)	1.71
Entry Tax	2006-07	Commissioner (Appeals)	3.27

(x) The company does not have accumulated losses at the end of the financial year, however in immediately preceding year accumulated losses were ` 67.95 crores. The company has not incurred cash losses during the financial year covered by the audit and in the immediately preceding financial year.

(xi) As per information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks and debenture holders.

(xii) In our opinion and according to the explanations given to us and based on the information available, no loans and advances have been granted by the company on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or nidhi/mutual benefit fund/society. Therefore, the provisions of paragraph (xiii) of are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4 (xiv) are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not during the year given any guarantee for loan taken by others from banks or financial institutions. In respect of a guarantee issued by the Company in an earlier year and remaining enforceable, the terms and conditions of the guarantee for a loan taken by a Company from a bank, are not prima facie prejudicial to the interests of the Company.

(xvi) According to the information and explanations given to us, term loans availed by the Company was applied for the purpose for which these loans were raised.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.

(xix) According to the information and explanation given to us the company had not issued debentures during the year.

(xx) The Company has not raised money by way of public issues during the year.

(xxi) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud on or by the Company was noticed or reported during the year.

FOR SANGRAM PAUL & CO.
CHARTERED ACCOUNTANTS
(Firm Regn No.: 308001E)

S.K. PAUL
PROPRIETOR

Place : New Delhi
Date : 31st August, 2012

MEMBERSHIP NO. : 13015

MIDEAST INTEGRATED STEELS LTD.

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

BALANCE SHEET AS AT 31st MARCH, 2012

` in Mn.

PARTICULARS	Note No.	as at 31-Mar-2012	as at 31-Mar-2011
EQUITY AND LIABILITIES			
Share Holder's Funds			
Share capital	2	1,378.75	1,378.75
Reserves and surplus	3	2,463.33	1,640.77
Non-current liabilities			
Long-term borrowings	4	5 17.43	1,052.74
Other long-term liabilities	5	4,581.16	4,582.71
Long-term provisions	6	2 0.46	-
Current liabilities			
Trade payables	7	2 ,872.79	3,015.94
Other current liabilities	8	1 ,707.86	1,375.19
Short-term provisions	9	2 11.54	4.90
TOTAL		**13,753.32**	**13,051.00**
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		8 ,881.56	6,912.38
Capital work-in-progress		7 66.10	2,777.29
Non-current investments	11	1 9.12	19.12
Deferred tax assets (net)	24.5	1 13.37	263.81
Long-term loans and advances	12	1 ,766.46	1,094.46
Current assets			
Inventories	13	1 ,070.01	1,196.29
Trade receivables	14	7 7.69	74.56
Cash and cash equivalents	15	7 13.85	411.13
Short-term loans and advances	16	3 45.16	301.96
TOTAL		**13,753.32**	**13,051.00**
Notes forming part of the financial statements	1 - 25		

In terms of our Report attached

For Sangram Paul & Co.
Chartered Accountants

(S. K. Paul)
Proprietor
M.No. 13015

For and on behalf of the Board of Directors

J.K. Singh
Chairman

Rita Singh
Managing Director

N.S. Parameswaran
Company Secretary

Place : New Delhi
Date : 31.08.2012

MESCO STEEL
Partnering Progress

MIDEAST INTEGRATED STEELS LTD.

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

PROFIT & LOSS STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

` in Mn

PARTICULARS	Note No.	as at 31-Mar-2012	as at 31-Mar-2011
Revenue from operations (net)	17	5467.55	3791.25
Other income	18	38.31	25.18
Total revenue		**5505.86**	**3903.56**
Expenses			
Cost of materials consumed	19a	1879.92	860.03
Changes in inventories of finished goods, work-inprogress and stock-in-trade	19b	81.06	(144.80)
Employee benefits expense	20	226.31	114.61
Finance costs	21	61.59	283.81
Depreciation and amortisation expense	10	351.97	353.10
Other expenses	22	1849.92	1942.37
Total expenses		**4450.77**	**3409.12**
Profit before tax		1055.09	407.31
Tax expense:			
Current tax		143.94	11.66
(Less): MAT credit		(143.94)	(11.66)
Tax expense relating to prior years		0.95	-
Deferred tax		151.46	(17.25)
Profit for the year		**902.68**	**424.56**
Earnings per Equity share (of Rs. 10/- each)			
Basic & Diluted (Rs.)		6.55	3.08
Notes forming part of the financial statements	**1 - 25**		

In terms of our Report attached

For Sangram Paul & Co.
Chartered Accountants

(S. K. Paul)
Proprietor
M.No. 13015

Place : New Delhi
Date : 31.08.2012

For and on behalf of the Board of Directors

J.K. Singh
Chairman

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Managing Director

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Company Secretary

MIDEAST INTEGRATED STEELS LTD.

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2012

` in Mn

PARTICULARS	for the year ended 31-Mar-2012		for the year ended 31-Mar-2011	
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		1,055.09		407.31
Adjustments for:				
Depreciation and amortisation	351.98		353.10	
Finance costs	61.59		283.81	
Interest income	(27.67)		(18.85)	
Rental income	(8.23)		(2.20)	
Preliminary Expenses written off	9.17		9.17	
Net unrealised exchange (gain) / loss	190.67	577.51	350.08	975.11
Operating profit / (loss) before working capital changes		1,632.60		1,382.42
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Inventories	126.28		(128.74)	
Trade receivables	(3.13)		(48.08)	
Short-term loans and advances	(43.21)		(144.15)	
Long-term loans and advances	(672.00)		0.00	
Adjustments for increase / (decrease) in operating liabilities:				
Trade payables	(143.15)			
Other current liabilities	142.00		324.54	
Other long-term liabilities	(1.55)			
Short-term provisions	115.39			
Long-term provisions	20.46	(458.90)		3.57
Cash generated from operations		1,173.69		1,385.99
Net income tax (paid) / refunds		28.03		15.53
Net cash flow from / (used in) operating activities (A)		**1,201.72**		**1,401.52**
B. Cash flow from investing activities				
Capital expenditure on fixed assets, including capital advances	(309.97)		(382.22)	
Reinstatement of capital reserve	0.00		1,642.62	
Rental receipt	8.23		2.20	
Interest received (Others)	27.67		18.85	
		(274.08)		1,281.45
Net income tax (paid) / refunds		(28.03)		(15.53)
Net cash flow from / (used in) investing activities (B)		**(302.10)**		**1,265.91**

MESCO STEEL
Partnering Progress

Cash Flow Statement Contd.

C. Cash flow from financing activities				
Repayment of long-term borrowings	(535.31)		(2,503.19)	
Finance cost	(61.59)	(596.90)	(283.81)	(2,787.00)
Net cash flow from / (used in) financing activities (C)		(596.90)		(2,787.00)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		**302.72**		**(119.56)**
Cash and cash equivalents at the beginning of the year		411.13		530.69
Cash and cash equivalents at the end of the year		713.85		411.13

See accompanying notes forming part of the financial statements

In terms of our Report attached

For Sangram Paul & Co.
Chartered Accountants

(S. K. Paul)
Proprietor
M.No. 13015

Place : New Delhi
Date : 31.08.2012

For and on behalf of the Board of Directors

J.K. Singh
Chairman

Rita Singh
Managing Director

N.S. Parameswaran
Company Secretary

Notes forming part of the financial statements

1: Significant accounting policies

a. Basis of accounting and preparation of financial statements

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

b. Use of estimates

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

c. Inventories

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

d. Depreciation and amortisation

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

Leasehold Assets are amortised over the duration of the lease

e. Revenue recognition

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

f. Other income

Interest income is accounted on accrual basis.

g. Tangible fixed assets

Fixed assets, are carried at cost less accumulated depreciation and impairment losses, if any. The cost of fixed assets includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use and other incidental expenses incurred up to that date.Exchange differences arising on restatement / settlement of long-term foreign currency borrowings relating to acquisition of depreciable fixed assets are adjusted to the cost of the respective assets and depreciated over the remaining useful life of such assets. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure relating to fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

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

h. Intangible assets

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

i. Foreign currency transactions and translations

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction. Year end balances of foreign currency monetary item is translated at the year end rates. ‘Exchange differences arising on settlement of foreign currency monetary items of the Company are recognised as income or expense in the Statement of Profit and Loss.

j. Investments

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

k. Employee benefits

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

l. Borrowing costs

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

m. Taxes on income

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

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

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

n. Research and development expenses

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

o. Impairment of assets

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

p. Provisions and contingencies

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

MESCO STEEL
Partnering Progress

Notes forming part of the financial statements

2: Share capital

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Authorised:		
140,000,000 (P.Y. 140,000,000) Equity shares of ` 10/- each	1,400.00	1,400
Issued, Subscribed and Paid up:		
137,875,000 (P.Y. 137,875,000) Equity shares of ` 10/- each, fully paid up	1,378.75	1,378.75
TOTAL	**1,378.75**	**1,378.75**

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Numbers	` in Mn	Numbers	` in Mn
Equity Shares:				
Opening Balance	137,875,000	1,378.75	137,875,000	1,378.75
Changes during the year	-	-	-	-
Closing Balance	137,875,000	1,378.75	137,875,000	1,378.75

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

Particulars	As at March 31, 2012		As at March 31, 2011	
	Numbers	%	No. of shares	%
Equity Shares:				
Mideast (India) Ltd.	32,549,930	23.61	32,549,930	23.61
Mesco OMC Mining Corporation Ltd.	17,000,000	12.33	17,000,000	12.33
Stemcor India Private Ltd.	13,787,500	10.00	13,787,500	10.00
Mesco Steels Ltd.	13,146,800	9.54	13,146,800	9.54
Mesco Logistics Ltd.	12,005,700	8.71	12,005,700	8.71
Mesco Kalinga Steels Ltd.	10,000,000	7.25	10,000,000	7.25
TOTAL	98,489,930	71.44	98,489,930	71.44

C) Right, preferences and restrictions attached to shares

Equity Shares

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

3: Reserve and surplus

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
(a) Capital Reserves:		
Opening balance	1642.61	1642.61
Add: Changes during the year	-	-
Closing balance	1642.61	1642.61
(b) Security premium account:		
Opening balance	677.70	677.70
Add: Premium on Shres during the year		
Closing balance	677.70	677.70
(c) Surplus / (Deficit) in Stetement of Profit and Loss:		
Opening balance	(679.64)	(1,104.09)
Add: Profit / (Loss) for the year	902.68	424.55
Less: Proposed Dividend on Equity Shares	68.94	-
Less: Tax on Proposed Dividend	11.18	-
Closing balance	143.02	(679.54)
TOTAL	**2,463.33**	**1,640.77**

4: Long-term borrowings

Particulars	As at March 31, 2012		As at March 31, 2011	
	` in Mn	` in Mn	` in Mn	` in Mn
	Non-current	Current	Non-current	Current
Secured				
18% Debentures	-	-	71.52	-
30% Debentures	-	-	170.00	-
Term loans from Other Parties	221.97	68.52	515.76	77.31
	221.97	68.52	757.28	77.31
Unsecured				
From Promoters	295.46	-	295.46	-
	295.46		295.46	
TOTAL	**517.43**	**68.52**	**1,052.74**	**77.31**

a) Term loan of ` 117.72 Mn (PY ` 195.03 Mn) are secured by charge on asset of respective loans.

b) Promoters/Directors have given personal guarantee against term loan of ` 116.40 Mn (PY ` 189.73 Mn).

MESCO STEEL
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5: Other long-term liabilities

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Advances from customers*	4,581.16	4,582.71
TOTAL	**4,581.16**	**4,582.71**

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

6: Long-term provisions

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
(a) Provision for employee benefits:		
(i) Provision for gratuity	17.94	-
(ii) Provision for leave encashment	2.53	-
TOTAL	**20.46**	**-**

7: Trade payables

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Others	2,872.79	3,015.94
TOTAL	**2,872.79**	**3,015.94**

8: Other current liabilities

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Current maturities of long-term debt	68.52	77.31
Statutory Dues	94.57	68.38
Payables against purchase of fixed assets	37.73	25.16
Trade / security deposits received	12.41	7.98
Advances from customers	1,494.63	1,196.36
TOTAL	**1 ,707.86**	**1 ,375.19**

9: Short-term provisions

Particulars	As at March 31, 2012	As at March 31, 2011
	` in Mn	` in Mn
(a) Provision for employee benefits:		
(i) Provision for gratuity	1.38	-
(ii) Provision for leave encashment	0.31	-
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	129.72	4.90
(ii) Proposed equity dividend	68.94	-
(iii) Tax on proposed dividend	11.18	-
TOTAL	**2 11.54**	**4 .90**

10: Fixed Assets

` in Mn

S. No.	Particulars	Gross Block				Depreciation				Net Block	
		As at March 31, 2011	Addition	Ded.	As at March 31, 2012	As at March 31, 2011	During the year	Ded.	Total	As at March 31, 2011	As at March 31, 2012
1.	Land	-	53.07	-	53.07	-	-	-	-	-	53..07
2.	Land & Site Dev.	280.11	-	-	280.11	-	-	-	-	280.11	280.11
3.	Building	1,285.52	0.79	-	1,286.31	101.48	21.24	-	122.72	1,184.04	1,163.59
4.	Plant & Machinery	6,477.44	1,624.84	-	8,102.28	1,141.70	324.25	-	1,465.95	5,335.74	6,636.33
6.	Furniture & Fixture	109.10	5.33	-	114.43	15.09	3.02	-	18.11	94.01	96.32
8.	Office Equipments	5.93	1.25	-	7.18	1.31	0.67	-	1.98	4.62	5.21
7.	Computers	41.72	18.74	-	60.45	41.72	1.74	-	43.46	0.00	16.99
9.	Vehicles	20.32	3.40	-	23.72	7.23	0.95	-	8.18	13.09	15.54
9.	V Sat	0.82	-	-	0.82	0.06	0.04	-	0.10	0.76	0.72
10.	Railway Siding	-	613.75	-	613.75	-	0.06	-	0.06	-	613.68
	TOTAL	**8,220.97**	**2,321.16**	**-**	**10,542.14**	**1,308.60**	**351.97**	**-**	**1,660.57**	**6,912.38**	**8,881.57**
	Previous Year	**8,200.32**	**20.65**	**-**	**8,220.98**	**955.49**	**353.10**		**1,308.60**	**7,244.83**	**6,912.38**

11: Non-current investments

Particulars	As at March 31, 2012	As at March 31, 2011
	` in Mn	` in Mn
Investments (At cost):		
Long Term, Unquoted		
Government entities	19.12	19.12
TOTAL	**19.12**	**19.12**

12: Long-term loans and advances

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Capital advances		
Unsecured, considered good	38.27	58.98
Security deposits		
Unsecured, considered good	27.21	25.59
Loans and advances to related parties		
Unsecured, considered good*	1,526.66	983.74
Others		
Unsecured, considered good	21.94	14.99
MAT credit entitlement	152.39	11.16
TOTAL	**1,766.46**	**1,094.46**

*Note :For securing Long Term future supply of Iron Ore

13: Inventories

(At lower of cost and net realisable value)

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Raw materials	104.08	134.58
Finished goods	945.23	1,033.72
Goods-in-transit	7.43	-
Stores and spares	13.28	27.99
TOTAL	**1,070.01**	**1,196.29**

14: Trade receivables

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Outstanding for a period exceeding six months	-	-
Other Trade receivables		
Unsecured, considered good	77.69	74.56
	77.69	74.56
Less: Provision for doubtful trade receivables	-	-
	77.69	**74.56**

15: Cash and cash equivalents

Particulars	As at March 31, 2012	As at March 31, 2011
	` in Mn	` in Mn
Cash on hand	59.73	53.25
Balances with banks		
In current accounts	201.06	113.02
In deposit accounts	453.06	244.86
TOTAL	**713.85**	**411.13**

Note: Balances with banks include deposits amounting to ` 184.31 Mn (As at 31 March, 2011 ` 131.50 Mn) which are in earmarked accounts or against guarantee.

16: Short-term loans and advances

Particulars	As at March 31, 2012	As at March 31, 2011
	` in Mn	` in Mn
Loans and advances to Suppliers		
Unsecured, considered good	95.83	91.28
Less: Provision for doubtful	-	-
Security deposits		
Unsecured, considered good	29.51	94.41
Less: Provision for doubtful	-	-
Loans and advances to employees		
Unsecured, considered good	1.02	0.85
Less: Provision for doubtful	-	-
Prepaid expenses		
Unsecured, considered good	1.55	1 .13
Balances with government authorities (CENVAT, VAT, Service Tax)		
Unsecured, considered good	202.69	93.59
Others Receivabes		
Unsecured, considered good	5.38	-
Less: Provision for other doubtful loans and advances	-	-
Preliminary Expenses to the extent not written off	9 .17	20.70
TOTAL	**345.16**	**301.96**

17: Revenue from operations

Particulars	As at March 31, 2012	As at March 31, 2011
	` in Mn	` in Mn
Sale of products	5,767.67	3,900.39
Less: Excise duty	300.12	109.14
TOTAL	**5,467.55**	**3791.25**

MESCO STEEL
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Sale of products comprises:		
Class of Products		
Pig Iron	2,354.19	1,722.47
Minerals	3,113.37	2068.78
TOTAL - Sale of manufactured goods	**5,467.55**	**3791.25**

18: Other income

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
	` in Mn	**` in Mn**
Interest income (Refer Note below)	27.67	18.85
Rental Income	8.23	2.20
Others	2.42	4.13
TOTAL	**3 8.31**	**25.18**
Note:		
Interest income comprises:		
Interest from banks on:		
Interest from banks deposits	26.40	18.85
Interest on income tax refund	1.26	-
TOTAL	**27.67**	**18.85**

19.a: Cost of materials consumed

Particulars	**As at March 31, 2012**	**As at March 31, 2011**
	` in Mn	**` in Mn**
Opening stock	162.57	178.63
Add: Purchases	1,834.70	843.97
Less: Closing stock	117.35	162.57
TOTAL Cost of material consumed	**1879.92**	**860.03**
Material consumed comprises:		
Raw material - Iron ore	191.86	90.47
Raw material - Coke	1,625.20	740.21
Other items	62.86	29.35
TOTAL	**1879.92**	**860.03**

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

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Inventories at the end of the year:		
Finished goods	952.66	1,033.72
	952.66	1,033.72
Inventories at the beginning of the year:		
Finished goods	1,033.72	888.92
	1,033.72	888.92
Net (increase) / decrease	(81.06)	1 44.80

20: Employee benefits expense

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Salaries and wages	183.02	102.30
Contributions to provident and other funds	12.26	7.00
Provision for gratuity and leave	22.16	-
Staff welfare expenses	8.87	5.31
TOTAL	**226.31**	**114.61**

21: Finance costs

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Interest expense on:		
Borrowings	61.54	283.81
Others	0.05	-
TOTAL	**61.59**	**283.81**

22: Other expenses

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Consumption of stores and spare parts	84.02	51.04
Mining Cost (including royalty)	947].90	519.16
Power and fuel	51.06	31.88
Repairs and maintenance - Buildings	6.18	3.01
Repairs and maintenance - Machinery	13.34	8.20
Insurance	5.05	3.75
Rates and taxes	1.66	0.01
Communication	20.98	3.14
Travelling and conveyance	23.72	13.46
Freight and forwarding	345.54	774.99
Donations and contributions	7.78	6.40
Legal and professional	64.85	44.14
Net loss on foreign currency transactions and translation	190.67	350.08
Payments to auditors (Refer Note (i) below)	0.20	0.20
Preliminary Expenses written off	9.17	9.17
Miscellaneous expenses	77.80	123.74
Total	**1,849.92**	1,942.37

Note (i)

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
(i) Payments to the auditors comprises (net of service tax input credit, where applicable):		
As auditors - statutory audit	0.2	0.2
TOTAL	**0.2**	**0.2**

23: Additional information to the financial statements

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

Particulars	As at March 31, 2012 ` in Mn	As at March 31, 2011 ` in Mn
Claims against the Company not acknowledged as debt:		
Excise and Cusotms	51	-
Sales Tax	58	3.97

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

The company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and hence disclosures, if any, relating to amounts unpaid as at the end of the year together with the interest paid/ payable as required under the Act have not been furnished.

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

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

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

Particulars	For the year ended 31, March, 2012 ` in Mn	For the year ended 31, March, 2011 ` in Mn
Capital goods	3.03	44.14

23.5 **Expenditure in foreign currency:**

	` in Mn	` in Mn
Professional and consultation fees	1.96	
Other matters	24.05	44.51

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

Particulars	For the year ended 31st March, 2012	
	` in Mn	%^
Imported	NIL	NIL
Indigenous		
Raw materials	1879.92	95.72%
	(860.03)	94.40%
Components	44.52	2.27%
	(21.58)	2.37%
Spare parts	39.51	2.01%
	(29.46)	3.23%
TOTAL	1963.95	100%
	(911.07)	100%

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

23.7: **Earnings in foreign exchange:**

Particulars	For the year ended 31March, 2012 ` in Mn	For the year ended 31March, 2011 ` in Mn
Export of goods calculated on FOB basis	393.58	885.35

24: Disclosures under Accounting Standards

24.1: **Employee benefit plans**

24.1.a: Defined contribution plans

The Company makes Provident Fund contribution to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefit. The Company recognised `12.26 Mn (Year ended 31 March, 2011 '7.00 Mn) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to the plan by the Company is at rate specified in the rules of the scheme.

24.1 b: Defined benefit plans

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

` in Mn

Particulars	year ended 31st March, 2012		year ended 31st March, 2011	
	Gratuity	Other defined benefit plans Leaves	Gratuity	Other defined benefit plans Leaves
Change in defined benefit obligations (DBO) during the year				
Present value of DBO at beginning of the year	-		-	-
Current service cost	3.48	0.70	-	-
Actuarial (gains) / losses	0.15	0.14	-	-
Past service cost	15.7	0 2.00	-	-
Present value of DBO at the end of the year	19.32	2.84	-	-
Actuarial assumptions				
Discount rate	8.5%	8.5%		
Salary escalation	6%	6%		
Mortality tables	LIC(1994-96)	LIC(1994-96)		

24: Disclosures under Accounting Standards

24.2: **Segment information**

The Company has identified business segments as its primary segment. Business segments are primarily Pig Iron and Minerals.

Particulars	For the year ended 31st March, 2012			
	Business segments			Total
	Minerals	Pig Iron	Eliminations	
	` in Mn	` in Mn	` in Mn	` in Mn
Revenue	3,269.45	2,353.93	-	5,623.38
	(3063.62)	(814.76)	-	(3,878.79)
Inter-segment revenue	156.08		-	156.08
	(87.13)		-	(87.13)
Total External Sales			-	5,467.30
				(3827.33)
Other income	-	-	-	38.31
				(25.18)
Profit before taxes	-	-	-	1,055.09
				(407.31)
Tax expense	-	-	-	152.41
				(17.25)
Net profit for the year	-	-	-	902.68
				(424.56)

Note: Figures in Bracket represents previous year.

24.3: **Related party transactions**

24.3a: **Details of related parties:**

Description of relationship	Names of related parties
Key Management Personnel (KMP)	Mr. Jitendra Kumar Singh (Chairman) Mrs. Rita Singh (Managing Director) Ms. Natasha Singh Sinha (Director Finance)
Relatives of KMP	Ms. Shipra Singh
Company in which KMP / Relatives of KMP can exercise significant influence	a) Mesco Steels Ltd. b) Mesco Logistics Ltd. c) Mesco Kalinga Steels Ltd. d) Mesco OMC Mining Corporation Ltd. e) Mideast India Ltd. f) Mesco Pharmaceuticals Ltd. g) Mesco Hotels Ltd. h) Mesco Airlines Ltd. i) Mesco Laboratories Ltd. j) Mesco Aviation and Technical Services Ltd.

24.3b: **Details of related party transactions during the year ended 31 March, 2012 and balances outstanding as at 31 March, 2012:**

` in Mn

Transaction during the year	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significant influence
Receiving of services:			
Mesco Steels Ltd.	-	-	10.20
	-	-	(6.60)
Mesco Logistics Ltd.	-	-	6.00
	-	-	(3.60)
Remuneration:	-	-	-
Mrs. Natsha Singh Sinha	5.16	-	-
	(3.60)	-	-
Ms. Shipra Singh	-	1.22	-
	-	(1.22)	-
	-	-	-
Balances outstanding at the end of the year:			
Advances:			
Mesco Steels Ltd.	-	-	1,526.66
	-	-	(983.74)

Note: Figures in Bracket represents previous year.

24.4 **Earnings per share**

Particulars	For the year ended 31March, 2012	For the year ended 31March, 2011
Basic & Diluted		
Net profit / (loss) for the year attributable to the equity shareholders (` in Mn)	902.68	425
Weighted average number of equity shares	137,875,000	137,875,000
Par value per share (`)	10	10
Earnings per share (`)	6.55	3.08

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

Particulars	For the year ended 31March, 2012	For the year ended 31March, 2011
	` in Mn	` in Mn
Tax effect of items constituting deferred tax liability: On difference between book balance & tax balance of fixed assets	(503.29)	(640.50)
Tax effect of items constituting deferred tax liability	(503.29)	(640.50)
Tax effect of items constituting deferred tax assets:		
Provision for compensated leaves, gratuity and disallowances under Income Tax	6.86	59.59
Unabsorbed depreciation and business losses carried forward	609.80	844.72
Tax effect of items constituting deferred tax assets	616.66	904.31
Net deferred tax (liability) / asset	113.37	263.81
The Company has recognised deferred tax asset on unabsorbed depreciation to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax (or) The Company has recognised deferred tax asset on unabsorbed depreciation and brought forward business losses based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.		

25. Previous year's figures

The Revised Schedule VI has become effective from 1st April, 2011 for the preparation of financialstatements. This has significantly impacted the disclosure and presentation made in the financial statements. Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

MESCO STEEL
Partnering Progress

MIDEAST INTEGRATED STEELS LTD.

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

Folio No.	PROXY FORM	No. of Shares held

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

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

.... R/O ....

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

R/O ....

to vote for me/us on my/our behalf at 19th Annual General Meeting of the Company to be on Wednesday, the 26th September, 2012 and at any adjourment thereof

Affix a Revenue Stamp and sign thereon

Signed this ....day of 2012.

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

MIDEAST INTEGRATED STEELS LTD.

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

Folio No.	ATTENDANCE SLIP	No. of Shares held

(To be handed over at the Registration Counter)

I hereby record my presence at the 19th Annual General Meeting of the Company to be held on Wednesday, the 26th September, 2012

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

Member's Name (in block letter) 1. ______________________
2. ______________________
3. ______________________

Father's/Husband's Name ______________________

Complete Address ______________________
____
____

Proxy's Name ______________________
____
____

MESCO STEEL

Partnering Progress

MESCO STEEL

(MIDEAST INTEGRATED STEELS LTD.)

BLAST FURNACES