



MESCO STEEL
Partnering Progress

**21ST ANNUAL REPORT
2013-2014**

**MIDEAST INTEGRATED STEELS LIMITED
NEW DELHI**

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VISION OF MIDEAST INTEGRATED STEELS LIMITED

“Mesco Group commits to the brick and mortar sectors of economy which promote nation building. Our core competence is therefore in steel, minerals, cement and low cost housing. In all these sectors we will strive to be the most efficient producer and be among the top five companies in the countries we operate in by creating value for the stakeholders. We will constantly strive to pursue opportunities in these sectors and promote establishment of cooperative enterprises for the development of society”

Chairperson cum Managing Director's Statement

Dear Shareholders,

At the outset, I will like to congratulate everyone for yet another year of impressive performance. I take special pride this time as this year continued to be a period of slow growth. India's economic growth was again not able to meet the target and for the second consecutive year the growth rate was sub 5 percent. Against this backdrop of mounting pressure due to continued weakening of demand and prices, your Company's performance, therefore, stands remarkable. At this juncture, I reflect upon the adverse circumstances that your Company has faced in the past. We went through some very troubled times and I wonder if our present resilience and high strength of character is partly due to our perseverance and experience during those times. While we have been consistently delivering high performance and growth to our shareholders' value for the past 5 years now, I am sure that our stakeholders including all shareholders appreciate that we have worked very hard sometimes through extreme adversity to rise against the tide and against all odds.

Financial Outcomes

As I have already said above, we continue to deliver high growth in performance. Profit before depreciation, Interest and tax increased by 28% from last year to be at Rs 2271.51 million. Profit before tax also went up by 18% at Rs.1849.92 million. This is a very strong performance in the backdrop that the last year was a difficult year for the iron ore mining and pig iron industry. I am, therefore, pleased to announce the dividend of 7.5% which is at the same level as last year.

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

As I mentioned before, last year was a difficult year for the iron ore mining and pig iron industry. Iron ore prices on an average fell by 31% while pig iron prices fell by 6%. However, we were able to deliver high performance by all round effort in operations. Pig iron and iron ore production went up by 31% and 25% respectively while sales went up by 52% and 61% respectively. As a result, the revenues went up by 18% overall.

As part of our continuous efforts to improve efficiency, a number of steps were taken in the plant for energy conservation. The second sinter machine has been commissioned and put into operation from March 2014 and is continuously operating since then. We achieved 100% utilization of Solid Waste generated in the plant. In May we commissioned a 3rd boiler in the power plant and installed DCS system in the power plant to improve generation and efficiency. In 2013-14 we also commissioned the railway siding of 6mtpa material handling which we plan to expand it to 9 mtpa for which we have received the necessary permissions. In the Raw Material yard a truck tippler was also installed in the year.

Growth and Expansion

I am pleased to announce that the Company (MISL), has embarked on a focused strategic path for growth and expansion. In this financial year we launched the vision of the Company. This was co-created by circulating a draft to all employees. The vision will form the basis of all our strategic pursuits which we will keep you informed from time to time.

Especially relevant to MISL is the fact that we want to consolidate our presence in India and be seen as a major integrated steel player of at least 4.5 million tonnes per annum capacity by 2020. As I have informed you before, we are exploring both organic and inorganic options for growth. Our plans for brownfield expansion at our Jajpur unit to take the finished steel capacity to 3.5 million tonnes in 2 phases, are at an advanced stage. MISL is also studying some investment proposals for inorganic growth through M&A in companies which provide a strategic fit. We are in discussions with the financiers and promoters of such assets to which we can add significant value on account of our experience and operational synergies.

To derive synergies and increase competitiveness, we plan to commence operation of a 0.5 mtpa cement plant using BF slag at our Jajpur unit in the next 2 years. We are completely refurbishing one of our blast furnaces. We have also received permissions to increase the capacity of our railway siding to 9 mtpa from 6 mtpa. We will install a wagon tippler in our raw material handling yard.

Also critical in our vision for the next 5 years is the ownership of strategic raw materials. As you know a coking coal block is allotted to us in Madhya Pradesh and we are currently pursuing the process of acquiring environment and forest clearances. We are actively looking for an acquisition of a coking coal mine in Australia and our strategy team has made significant progress in identifying a few potential targets of premium coking coal.

Outlook for the Next Year

I am confident that the global economy is on its way to recovery. All round economic data suggests that green shoots of recovery are visible in the global economy. Aided by this global recovery, Indian economy is poised to grow much faster in 2015 with the prospect of a stable government at the centre. Development, reforms and infrastructure are perceived to be ready to take the centre stage. This augurs well for steel and minerals industry. We believe that the demand has bottomed out we should see a steady revival of demand for steel and steel making raw materials. Therefore, the next year will be very positive for the Company. I draw a lot of comfort from what we have achieved under tough circumstances which makes me feel very positive about what we can achieve when the tide turns favorably.

The Company is on course to start its second revamped blast furnace along with the second line of sinter plant. This would significantly boost the hot metal and pig iron production for the year. Gains from private siding in the steel plant would also get captured in the overall performance.

The Company is hopeful that the regulatory issues related to mining leases in Odisha will be resolved this year and there shall be no hold-up in production at the mines for the large part of the year. If that happens, we hope to break previous records of production both at the plant and the mine.

Our process for acquiring mining lease for dolomite and limestone mine at Katni is underway and we hope to get start production as early as possible.

Indian Rupee appears to have stabilized now after an almost free fall last year. The price of imported coking coal and met coke has fallen since last year. This helps us significantly to reduce our overall cost of buying met coke which will have a positive impact on our performance in FY 14-15. We will continue our focus on productivity enhancement and controlling costs all round. Our efforts at bringing down the coke rate has begun to show results. Operationalization of sintering units, railways siding in the plant and revamp of the second blast furnace and power plant will combine together in improving efficiencies.

Corporate Social Responsibility.

The Company has always been at the forefront in benefiting the local communities in and around its areas of operations. We have earned the trust of local community over the years through community service in the areas of healthcare, education and infrastructural development. Social upliftment of the tribal and economically backward is at the core of our business philosophy.

Your Company contributes to the community in the areas of healthcare, education and infrastructural development. We provide vital medical care equipments. Health camps are organised in villages for providing basic medical care and also create awareness about hygiene and methods for prevention of diseases. We are engaged in providing tube wells, construction of concrete roads, construction of boundary wall for the school and providing water supply to the nearby villages. We also provide qualified teachers to the schools in the community and regularly sponsor students for higher education.

During the year, your Company has spent about ₹ 13.39 million on benefiting the communities through various programs.

Finally, I will like to once again congratulate everyone for giving us another year of high performance and another reason to feel proud of ourselves. Let's grow bigger and let's grow together.

New Delhi

11.08.2014

Rita Singh

Chairperson cum Managing Director

NOTICE

(Note: The business of this Meeting may be transacted through electronic voting system)

Notice is hereby given that the Twenty First Annual General Meeting of the Members of the Company will be held on Saturday, the 20th day of September, 2014 at 10:30 a.m. at Auditorium I, Siri fort Cultural Complex, August Kranti Marg, New Delhi -110049 to transact the following businesses:-

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2014 and Profit and Loss Account for the year ended on that date together with the Reports of the Board of Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the Financial Year ended 31st March, 2014.
3. To appoint a Director in place of Mr. Purna Chandra Sahu (DIN- 01262687) who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint a Director in place of Mrs. Natasha Sinha (DIN- 00812380) who retires by rotation and being eligible offers herself for re-appointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED THAT** pursuant to Section 139 of the Companies Act, 2013 (the Act) and other applicable provisions, if any, of the Act and the Rules made there under (including any statutory modifications or re-enactment thereof for the time being in force), M/s Todarwal & Todarwal, Chartered Accountants and Sangram Paul & Co., Chartered Accountants, (the retiring auditors), be and are hereby appointed as Statutory Auditors of the Company, to hold office from the conclusion of this meeting till the conclusion of the 24th Annual General Meeting of the Company, subject to ratification by the shareholders at every Annual General Meeting on a remuneration as may be decided by the Board of Directors.”

SPECIAL BUSINESS

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

“**RESOLVED** that pursuant to the provisions of Section 152 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under, including any statutory modification(s) or re-enactment thereof for the time being in force, Mr. Priyabrata Patnaik (DIN 01709955) who was appointed as an Additional Director of the Company by a resolution of the Board of Directors to hold office as such from 01.02.2014, under Section 260 and other applicable provisions, if any, of the Companies Act, 1956 corresponding to Section 161 of the Companies Act, 2013 and Articles of Association of the Company and who holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement of Directors by rotation.”

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

“RESOLVED that pursuant to the provisions of Sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made there under, including any statutory modification(s) or re-enactment thereof for the time being in force, read with Schedule V of the Companies Act, 2013 and subject to the approval of the Central Government, if required, and such other approvals and sanctions as may be necessary, the approval of the Shareholders be and is hereby accorded for the appointment and to the remuneration of Mr. Priyabrata Patnaik (DIN 01709955) as Whole Time Director of the Company for a period of three years effective from 1st February 2014, liable to retire by rotation, on the following terms and conditions :

Pay : ₹ 7, 50,000 p.m. (₹ seven lacs fifty thousand per month)

Other Perquisites: Free use of Company Car with Fuel.

RESOLVED FURTHER THAT the above remuneration shall be minimum remuneration payable to Mr. Priyabrata Patnaik in the event of absence or inadequacy of profits during any financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds as may be necessary, expedient or desirable, in order to give effect to this resolution or otherwise as considered by the Board to be in the best interest of the Company.”

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

“RESOLVED that Mr. Hanumantha Rao Ravipati (DIN 00044028), Director of the Company, who was holding Office or Place of Profit as per Section 314 of the Companies Act, 1956, ceased to hold such position, and in accordance with the provisions of Sections 196 and 197 read with Schedule V and all other applicable provisions of the Companies Act, 2013 (the Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any Statutory modifications(s) or re-enactment thereof for the time being in force), approval of the shareholders be and is hereby accorded to appoint him as a Whole Time Director of the Company liable to retire by rotation w.e.f. 1st July 2014 at a Remuneration of ₹ 100,000 p.m. (Rupees One Lac per month) for the remaining tenure of his appointment i.e. up to 31st March 2018.

RESOLVED FURTHER THAT the above remuneration shall be minimum remuneration payable to Mr. Hanumantha Rao Ravipati in the event of absence or inadequacy of profits during the financial year.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all such acts and deeds as may be necessary, expedient or desirable, in order to give effect to this resolution or otherwise as considered by the Board to be in the best interest of the Company.”

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

“**RESOLVED** that pursuant to provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement, Mr. Nandanadan Mishra (DIN-00031342), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation in respect of whom the Company has received a notice from a member under Section 160 of the Act, proposing his Candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years from the date of the 21st Annual General Meeting for a term upto conclusion of 26th Annual General Meeting of the Company in the Calendar year 2019.”
10. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that pursuant to provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement, Mr. Debi Prasad Bagchi (DIN-00061648), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation in respect of whom the Company has received a notice from a member under Section 160 of the Act, proposing his Candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years from the date of the 21st Annual General Meeting for a term upto conclusion of 26th Annual General Meeting of the Company in the Calendar year 2019.”
11. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that pursuant to provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement, Mr. Madhukar (DIN-00558818), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation in respect of whom the Company has received a notice from a member under Section 160 of the Act, proposing his Candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years from the date of the 21st Annual General Meeting for a term upto conclusion of 26th Annual General Meeting of the Company in the Calendar year 2019.”
12. To consider and if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:

“**RESOLVED** that pursuant to provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement, Mr. Sanjiv Batra (DIN-00602669), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation in respect of whom the Company has received a notice from a member under Section 160 of the Act, proposing his Candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years from the date of the 21st Annual General Meeting for a term upto conclusion of 26th Annual General Meeting of the Company in the Calendar year 2019.”

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

“**RESOLVED** that pursuant to provisions of Sections 149, 152 and any other applicable provisions of the Companies Act, 2013 (the Act) and the Rules made there under (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Act and Clause 49 of the Listing Agreement, Mr. Dipak Chatterjee(DIN-03048625), an Independent Director of the Company, who was appointed as a Director liable to retire by rotation in respect of whom the Company has received a notice from a member under Section 160 of the Act, proposing his Candidature for the office of Independent Director be and is hereby appointed as an Independent Director of the Company to hold office for a term upto five consecutive years from the date of the 21st Annual General Meeting for a term upto conclusion of 26th Annual General Meeting of the Company in the Calendar year 2019.”

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

“**RESOLVED** that pursuant to provisions of Section 148(2) and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made there under and subject to approval of the Central Government, re-appointment of M/s S. S. Sonthalia & Co., Cost Accountants as Cost Auditors of the Company, to audit the cost accounts of the Company for the year 2014-15 at a remuneration of ₹ One lac plus applicable taxes and actual out of pocket expenses subject to maximum of ₹ 15000 (₹ Fifteen thousand) be and is hereby ratified.”

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such necessary, proper or expedient to give effect to this resolution.”

By order of the Board

For Mideast Integrated Steels Limited

Anil Rustgi

Company Secretary

Date: 11.08.2014

Place: New Delhi

NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING (THE MEETING) IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE INSTRUMENT APPOINTING PROXY SHOULD, HOWEVER, BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN FORTY-EIGHT HOURS BEFORE COMMENCEMENT OF THE MEETING. A PERSON CAN ACT AS PROXY ON BEHALF OF NOT MORE THAN FIFTY MEMBERS AND HOLDING NOT MORE THAN TEN PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY.
2. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 is given below and forms part of the Notice.
3. Corporate Members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution in original authorising their representative to attend and vote on their behalf at the Meeting.
4. Members are requested to bring their Attendance Slip along with their copy of Annual Report to the Meeting.
5. Members who hold shares in dematerialized form are requested to write their Client ID and DP ID Numbers and those who hold shares in physical form are requested to write their Folio Number in the Attendance Slip for attending the Meeting.
6. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
7. Members are requested to dematerialise their shareholding.
8. Members holding shares in dematerialised mode are requested to intimate all changes pertaining to their bank details, ECS mandates, nominations, power of attorney, change of address/name etc. to their depository participant only and not to the Company or its Registrar and Share transfer Agent.
9. Relevant documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, between 11 a.m. and 1 p.m. up to the date of the Meeting.
10. The Company has notified closure of Register of Members and Share Transfer Books from 16th September, 2014 to 20th September, 2014 (both days inclusive).
11. Non-Resident Indian members are requested to inform the Company's Registrars and Share Transfer Agents, M/s. Skyline Financial Services Private Limited, immediately of:
 - (a) The change in the residential status on return to India for permanent settlement;
 - (b) The particulars of the Bank Account maintained in India with complete name, branch, account type, account number and address of Bank with Pin Code Number, if not furnished earlier.

12. Members who hold shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members are advised to avail of the nomination facility by filing Form SH-13 in their own interest. Blank forms will be supplied by the Company on request. Members holding shares in demat form may contact their respective Depository Participants for recording of nomination.
13. Payment of Dividend
The Dividend on Equity Shares for the year ended March 31, 2014, as recommended by the Board, if declared at the meeting will be paid as follows:
 - (a) In respect of shares held in physical form, to those Members whose names appear on the Register of Members of the Company on 15th September 20, 2014 after giving effect to all valid shares transfers lodged with the Company on or before 15th September 2014.
 - (b) In respect of shares held in electronic form, to those beneficial owners whose names appear in the statement of beneficial ownership furnished by National Securities Depository Limited and Central Depository Services (India) Limited as at the end of the business hours on 15th September 2014.
14. The dividend will be paid through NECS in respect of shareholders having demat accounts, to the credit of related bank accounts as furnished by the depositories. Members who desire the warrants and would like to have their bank accounts details incorporated in their dividend warrants may please furnish the following details:
 - i. Folio No./DP ID/ Client ID
 - ii. Name and Address of sole/ first shareholder.
 - iii. Bank Account No. (With prefix SB/ CA etc.).
 - iv. Name of the bank and branch.
 - v. Full address of the bank with Pin Code.
15. Members who have not registered their email address so far are requested to register their email address for receiving all communication including Annual Report, Notice, Circulars, etc. from the Company electronically.
16. Shareholders are advised to encash their dividend warrants pertaining to Dividend declared by the Company for the Financial Year 2011-12 and 2012-13 immediately as the dividend amount remaining unclaimed/ unpaid at the expiry of 7 years from the date that becomes due for payment are required to be transferred by the Company to the Investor Education and Protection Fund established under Section 125 in terms of Section 123 of the Companies Act, 2013.
17. Electronic copy of the Annual Report for the financial year 2013-14 along with Notice of the 21st Annual General Meeting of the Company indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent to all the members whose email IDs are registered with the Company/Depository Participant(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copies of the Notice of the 21st Annual

General Meeting of the Company, *inter alia*, indicating the process and manner of e-voting along with Attendance Slip and Proxy Form is being sent in the permitted mode.

18. Members may also note that the Notice of the 21st Annual General Meeting and the Annual Report for the financial year 2013-14 will also be available on the Company's website www.mescosteel.com for their download.
19. Members are requested to:
 - (a) Send their queries, if any, to reach the Company's Registered Office at H-1 Zamrudpur Community Centre, Kailash Colony, New Delhi 110048 at least 10 days before the date of the Meeting so that information can be made available at the Meeting.
 - (b) Avail the dematerialization facility and get their shareholding dematerialized by sending the Dematerialization Request Form along with the Share Certificates through their Depository Participant.
 - (c) Notify immediately any change in their address to the Company or to the Company's Registrar and Share Transfer Agent quoting their folio number and also notify their e-mail address for prompt response.
20. Skyline Financial Services Private Limited is the Registrar and Share Transfer Agent of the Company. All investor related communication may be addressed to:

Skyline Financial Services Private Limited

D-153A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020

Tel.: +91 11 26812682-83, 647326181-88, Fax: +91 11 26812682,

Web: www.skylinerta.com

The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat account. Members holding shares in physical form can submit their PAN details to Skyline Financial Services Private Limited, Registrar and Share Transfer Agent of the Company.

21. The Ministry of Corporate Affairs ('MCA') through provisions in Companies Act, 2013 has allowed paperless compliances by Companies through electronic mode. To take part in their initiative, your Company proposes to send documents like the Notice convening the General Meetings, Financial Statements, Annual Reports etc. in electronic form, to those members who wish to get the same in electronic form, in lieu of receiving in physical mode, at their e-mail addresses registered with the Company/Depositories.

Members desirous of availing of the above facility in future are requested to register their email IDs with the Company's Registrar and Share Transfer Agent at the address mentioned above.

22. **Members may please note that briefcase, bag, mobile phone and/or eatables shall not be allowed to be taken inside the hall for security reasons.**

23. Voting through electronic means:

- I. In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014 and the Listing Agreements with the Stock Exchanges, the Company is pleased to provide members facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the items of business as detailed in this Notice may be transacted through e-voting services provided by National Securities Depository Limited (NSDL).

The instructions for e-voting are as under:

- A. In case a Member receives an e-mail from NSDL [for Members whose e-mail addresses are registered with the Company/Depository Participant(s)]:
 - (i) Open the e-mail and also open the attached PDF file namely "Mideast e-Voting.pdf" with your Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as password. The said PDF file contains your "User ID" and "Password" for e- voting. Please note that the password is an initial password.
 - (ii) Launch internet browser by typing the URL <https://www.evoting.nsd.com/>
 - (iii) Click on "Shareholder - Login".
 - (iv) If you are already registered with NSDL for e-voting then you can use your existing User ID and password and click Login.
 - (v) If you are logging in for the first time, please enter the user ID as password as initial password noted in step (i) above and click log in.
 - (vi) Password change menu appears. Change the password with the new password of your choice with minimum eight digits/characters or combination thereof. Please keep a note of the new password. It is strongly recommended not to share the password with any other person and take utmost care to keep it confidential.
 - (vii) Home page of "e-voting" opens. Click on e-voting-active voting cycles.
 - (viii) Select "EVEN" (electronic voting event no.) of Mideast Integrated Steels Limited.
 - (ix) Now you are ready for e-voting as "cast vote" page opens.
 - (x) Cast your vote by selecting appropriate option and click on "submit" and also "confirm", when prompted.
 - (xi) Upon confirmation, the message "Vote cast successfully" will be displayed.
 - (xii) Once you have voted on the resolution, you will not be allowed to change/ modify your vote.
 - (xiii) Institutional Shareholders (i.e. other than individuals, HUF, NRI, etc.) are also required to send scan copy (PDF/ JPG format) of the relevant Board resolution /Authority Letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to Vote, to the scrutiniser through email to yoginder@handooandhandoo.com with a copy marked to evoting@nsdl.co.in.

- B. In case a Member receives physical copy of the notice of the AGM (for members whose email address are not registered with the Company/Depository Participant):
 - (i) Initial Password is provided in the enclosed "instructions for e-voting form for the AGM EVEN USER ID PASSWORD/PIN
 - (ii) Please follow all steps from Sl. No. (ii) to (xiii) above, to cast vote.
- II In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Shareholding and e-voting user manual for shareholders, available at the Downloads Section of <https://www.evoting.nsdl.com>.
- III The e-voting period commences on Thursday, 11th September, 2014 (9:00 A.M. IST) and ends on Saturday, 13th September, 2014 (6:00 P.M. IST) During this period, shareholders of the Company, holding their shares either in physical form or in dematerialized form, as on the relevant date of 14th August, 2014, may cast their Vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a Resolution is cast by the Shareholder, the shareholder shall not be allowed to change it subsequently.
- IV The voting rights of the Shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the relevant date of 14th August, 2014.
- V Mr. Yoginder Handoo, Advocate has been appointed as the Scrutinizer to scrutinize the E-voting process in a fair and transparent manner.
- VI The Scrutinizer shall, at least three working days from the conclusion of the e-voting period, unlock the votes in the presence of at least 2 witnesses not in the employment of the company and make a scrutinizer's report of the votes casts in favour or against, if any, forthwith to the Chairman of the Company.
- VII The results shall be declared on or after the AGM. The result declared along with the scrutinizer's report shall be placed on the Company's website and on the website of NSDL within two days of the passing of the resolutions at the AGM of the Company and communicated to the Stock Exchanges where the Shares of the Company are listed.

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

ITEM NO 6

Mr. Priyabrata Patnaik has been appointed as an Additional Director of the Company by the Board of Directors on 1st February 2014.

Notice under Section 160 of the Companies Act, 2013 has been received from a member proposing his candidature for the office of Director of the Company.

He is a retired IAS officer who has served as Collector of undivided Cuttack, Collector of undivided Balasore, Collector of undivided Dhenkanal, Director Industries, Chairman of Orissa State Small Scale Corporation, CMD of Orissa Construction Corporation, CMD of Grid Corporation of Orissa, CMD - IPICOL, CMD - IDCO, Commissioner Cum Secretary- Energy Department, Special Secretary -General Administration Department, Principal Secretary Industries Department, Principal Secretary-Commerce and Transport Department and Additional Chief Secretary – Government of Orissa.

At present he is a Director of B.C.Mohanty & Sons Pvt. Ltd. and Bhubaneswar club.

Your Directors are confident that Mr. Priyabrata Patnaik's guidance would be very beneficial to the Company and recommend the resolution for your approval.

Except Mr. Priyabrata Patnaik, none of the Directors, Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise and do not have any conflict of interest in the resolution.

ITEM NO 7

Mr. Priyabrata Patnaik was appointed as a Whole-time Director for three years on 1st February 2014. The remuneration of Mr. Priyabrata Patnaik was approved by the Board of Directors on 1st February, 2014.

He does not hold any shares in the Company.

The Board recommends the Resolution for approval of the Shareholders.

None of the Directors except for Mr. Priyabrata Patnaik, Key Managerial Personnel of the Company and their relatives are interested or concerned in the proposed Resolution.

ITEM NO 8

Mr. Hanumantha Rao Ravipati, Director of the Company, was holding Office or Place of Profit as per Section 314 of the Companies Act, 1956 till 30th June 2014.

Mr. Hanumantha Rao Ravipati holds a B. E. Mining from Jodhpur University and M. Sc. Mining Planning from Banaras University. He has also done I and II Class Mines Manager Certificate of Competency Board of Mining Examinations, DGMS, Dhanbad. He has more than 42 years of work experience in mining like worked in the deepest mines of the World i.e. Kolar Gold Mines, Development of virgin limestone deposit into a producing mines of 1.8 million tonnes per annum, started Manganese Mines and River Sand as a captive Source for RINL/VSP thus saving about ₹ 2.00 crores per annum. Commissioned the Captive Mines of RINL/VSP and rectified the

construction defects and obtaining of forest clearance etc. During his last tenure, he has served as Executive Director (Mines) of Rashtriya Ispat Nigam Limited.

Currently, he is on the Board of SOL Shipping & Logistics Private Ltd. & Aastha Minment (India) Limited.

He does not hold any shares in the Company.

The Board recommends the Resolution for approval of the Shareholders.

None of the other Directors except for Mr. Hanumantha Rao Ravipati, Key Managerial Personnel of the Company and their relatives are interested or concerned in the proposed Resolution.

ITEM NO 9

Mr. Nandanandan Mishra aged about 72 years, was born on 20th October 1942. He joined the Board of Directors of the Company as a Non Executive and Independent Director.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the condition for the appointment of Independent directors by a listed Company for a term upto 5 (Five) consecutive years.

Accordingly, it is proposed to appoint Mr. Nandanandan Mishra, as an Independent Director under Section 149 of the Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2019.

Mr. Nandanandan Mishra, Ex Chief Commissioner of Income Tax, belongs to the 1966 cadre of the Indian Revenue Service and has over 36 years of rich experience in various critical portfolios in public sector administration. During his last tenure, he was the Director General of Income Tax (Administration) and was responsible for streamlining long term strategic plan in relation to internal inspection, reviewing tax payer service programmes and manage delinquent accounts. He has participated in various Committees in the Government and has successfully piloted a restructuring plan for the Income Tax Department in India, which is considered as a key innovation in Civil Service management in India.

Currently he is on the Board of United Credit Ltd., Medirad Tech India Ltd., Lux Industries Ltd., Adhunik Metaliks Ltd., Satyug Gold Pvt. Ltd.

Mr. Nandanandan Mishra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Nandanandan Mishra, for the office of Director of the Company.

The Company has also received declaration from Mr. Nandanandan Mishra that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Nandanandan Mishra, fulfill the conditions for appointment as

Independent Director as specified in the Act and the Listing Agreement. Mr. Nandanandan Mishra is Independent of the management.

He does not hold any shares in the Company.

Mr. Nandanandan Mishra is interested in the resolutions set out at Item No. 9 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this proposed Resolution.

ITEM NO 10

Mr. Debi Prasad Bagchi aged about 72 Years, was born on 21st October 1942. He joined the Board of Directors of the Company as a Non Executive and Independent Director.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the condition for the appointment of Independent directors by a listed Company for a term upto 5 (five) consecutive years.

Accordingly, it is proposed to appoint Mr. Debi Prasad Bagchi, as an Independent Director under Section 149 of the Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2019.

Mr. Bagchi holds a Master Degree of Arts in Economics and an M. Phil in Public Administration. He is having a deep knowledge of the administrative services in the State of Odisha, especially in the steel & mining sector. He has held prestigious positions of authority like Additional Secretary, Commerce – Government of India; Secretary, Ministry of Small Scale Industry – Government of India; Chief Secretary – Government of Odisha, etc. Mr. Bagchi was also the Chairman-cum-Managing Director of Odisha Lift Irrigation Corporation and Managing Director of Odisha Mining Development Corporation Limited.

Currently he is on the Board of Neelachal Ispat Nigam Ltd., Visa Steel Ltd., Kajaria Ceramics Ltd., Jindal India Thermal Power Ltd., T.K. International Ltd., Ind-Barath Power Infra Ltd., Green Valley Energy Ventures Pvt. Ltd.

Mr. Debi Prasad Bagchi is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Debi Prasad Bagchi, for the office of Director of the Company.

The Company has also received declaration from Mr. Debi Prasad Bagchi that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Debi Prasad Bagchi, fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement. Mr. Debi Prasad Bagchi is Independent of the management.

He does not hold any shares in the Company.

Mr. Debi Prasad Bagchi is interested in the resolutions set out at Item No. 10 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this proposed Resolution.

ITEM NO 11

Mr. Madhukar aged about 70 years, was born on 10th February 1944. He joined the Board of Directors of the Company as a Non Executive and Independent Director.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the condition for the appointment of Independent directors by a listed Company for a term upto 5 (five) consecutive years.

Accordingly, it is proposed to appoint Mr. Madhukar, as an Independent Director under Section 149 of the Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2019.

Mr. Madhukar holds a Master of Arts degree in Economics and a Bachelor's degree in Law. He did professional programs in Project Management and Human Resource Development etc. from IIM Ahmadabad, IIM Kolkata, IMI New Delhi and he is a Certified Associate of Indian Institute of Bankers (CAIIB). Mr. Madhukar banking career spans over 37 years and covers every major dimension of banking operations, both in India as well as overseas.

From 1990 to 1996 he served as the Managing Director of the State Bank International Limited, Mauritius. In 1997, he was appointed Senior General Manager at SBI Capital Markets. From 1998 to 2000, he served as the Chief General Manager, New Delhi Circle at SBI; and in 2000 to 2001, as Managing Director of State Bank of Bikaner & Jaipur. In 2003-2004, he was appointed Chairman & Managing Director at the Industrial Investment Bank of India Ltd.(IIBI).

He held concurrent charge from 2001-2004 as Chairman & Managing Director at United Bank of India and was responsible for the remarkable turnaround of the bank from being a loss-making bank to a profit-making success, without any additional financial assistance from the Government of India. He has also served as Whole Time Member of Securities and Exchange Board of India.

Currently he is on the Board of UV Asset Reconstruction Company Ltd., Sahara India Financial Corporation Ltd., Sahara Prime City Ltd., Road Infrastructure Development Company of Rajasthan Ltd., Sistema Shyam Tele Services Ltd., Aamby Vally Ltd., Kaizen Corporate Services Ltd., Ashray Homes Buildwell Pvt. Ltd., Sahara Infrastructure and Housing Ltd.

Mr. Madhukar, is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Madhukar, for the office of Director of the Company.

The Company has also received declaration from Mr. Madhukar that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Madhukar, fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement. Mr. Madhukar is Independent of the management.

He does not hold any shares in the Company.

Mr. Madhukar is interested in the resolutions set out at Item No. 11 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this proposed Resolution.

ITEM NO 12

Mr. Sanjiv Batra aged about 64 years, was born on 17th September 1950. He joined the Board of Directors of the Company as a Non Executive and Independent Director.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the condition for the appointment of Independent directors by a listed Company for a term upto 5 (five) consecutive years.

Accordingly, it is proposed to appoint Mr. Sanjiv Batra, as an Independent Director under Section 149 of the Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2019.

Mr. Sanjiv Batra holds a B. Tech (Electrical) from IIT, New Delhi and MBA from Delhi University. He has also done a certification course on International trade from IIFT. He has more than 40 years of work experience in public and private sector in marketing, strategic planning, business diversification, policy formulation for import and export of commodities, supply chain, Management and logistics and promoting trade related infrastructure. He last served MMTC Limited as CMD. He was instrumental in leading transformation of MMTC into an integrated conglomerate following public private partnership route. He is also director on the Board of National Aluminum Co Ltd.

Mr. Sanjiv Batra is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Sanjiv Batra, for the office of Director of the Company.

The Company has also received declaration from Mr. Sanjiv Batra that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Sanjiv Batra, fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement. Mr. Sanjiv Batra is Independent of the management.

He does not hold any shares in the Company.

Mr. Sanjiv Batra is interested in the resolutions set out at Item No. 12 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this proposed Resolution.

ITEM NO 13

Mr. Dipak Chatterjee aged about 70 years, was born on 24th June 1944. He joined the Board of Directors of the Company as a Non Executive and Independent Director.

The Securities and Exchange Board of India (SEBI) has amended Clause 49 of the Listing Agreement, inter alia, stipulating the condition for the appointment of Independent directors by a listed Company for a term upto 5 (five) consecutive years.

Accordingly, it is proposed to appoint Mr. Dipak Chatterjee, as an Independent Director under Section 149 of the Companies Act, 2013 (the Act) and Clause 49 of the Listing Agreement to hold office for a term of 5 (five) consecutive years upto the conclusion of the 26th Annual General Meeting of the Company in the calendar year 2019.

Mr. Dipak Chatterjee holds degree of M.Sc. Economics from University College of Swansea, Wales, U. K., M. Sc. Physics (1st) and B.Sc. Physics (1st). He joined the IAS in 1966 and served in different assignment with the Government of India and State Government of West Bengal. He also served as India's Ambassador to European Union, Belgium & Luxemburg at Brussels. He also served as Advisor in the rank of permanent Secretary to the Minister of Commerce and Industry and was permanent Secretary, Department of Commerce, Department of Mines and Minerals, Department of Chemicals and Petrochemicals.

Currently, he is on the Board of United Stock Exchange of India Limited and PTC India Ltd.

Mr. Dipak Chatterjee is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director.

The Company has received notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. Dipak Chatterjee, for the office of Director of the Company.

The Company has also received declaration from Mr. Dipak Chatterjee that he meets with the criteria of independence as prescribed both under sub-section (6) of Section 149 of the Act and under Clause 49 of the Listing Agreement.

In the opinion of the Board, Mr. Dipak Chatterjee, fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Agreement. Mr. Dipak Chatterjee is Independent of the management.

He does not hold any shares in the Company.

Mr. Dipak Chatterjee is interested in the resolutions set out at Item No. 13 of the Notice with regard to his appointment.

Save and except the above, none of the other Directors/Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in this proposed Resolution.

ITEM NO 14

The Audit Committee and the Board has approved the appointment of M/s. S.S. Sonthalia & Co., Cost Accountants as Cost Auditors for audit of the cost accounts for the year 2014-15 at a remuneration of ₹ One lac plus applicable taxes and actual out of pocket expenses subject to maximum of ₹ 15000 (₹ Fifteen thousand only). In accordance with the provisions of Section 148 of the Companies Act, 2013 and The Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the Shareholders of the Company. Accordingly, consent of the Shareholders is being sought for ratification of the remuneration payable to the Cost Auditors for the year 2014-15.

The Board recommends the Resolution for approval of the Shareholders.

None of the Directors, Key Managerial Personnel of the Company and their relatives are interested or concerned in the proposed Resolution.

By order of the Board

For Mideast Integrated Steels Limited

Anil Rustgi

Company Secretary

Date: 11.08.2014

Place: New Delhi

DIRECTORS' REPORT

To

The Members,

Your Directors have pleasure in presenting the 21st Annual Report together with the Audited Accounts of the Company for the year ended 31st March 2014.

FINANCIAL HIGHLIGHTS

(₹ in Millions)

Particulars	Current Year	Previous Year
	2013-14	2012-13
Income	8,695.64	7,552.17
Profit Before Depreciation	2,343.16	2,036.76
Less - Interest/ Finance Cost	18.71	19.00
Less – Depreciation	474.54	457.65
Profit After Depreciation	1,849.92	1,560.12
Less – Provision For Taxation	-	-
Less – Provision For Deferred Tax	626.94	155.69
Profit After Taxation	1,162.22	1,404.43
Appropriations / Adjustments		
Balance of profit / (loss) brought forward	1,426.47	143.02
Profit for the Year	1,162.22	1,404.43
Proposed Final Dividend	103.41	103.41
Corporate Dividend Tax (including cess and surcharge)	17.57	17.57
Profit carried to Balance Sheet	2,467.71	1,426.47

PERFORMANCE

Your Company recorded an impressive performance for the year ended March 31, 2014. It scaled new heights in terms of sales and profits. Net sales stood at ₹ 8695.64 million were 15.14% higher than ₹ 7552.17 million for the previous year. Profit before tax was ₹ 1,849.92 million as against ₹ 1560.12 million in the previous year, registering a growth of 18.58% in the profit before tax.

EXPANSION

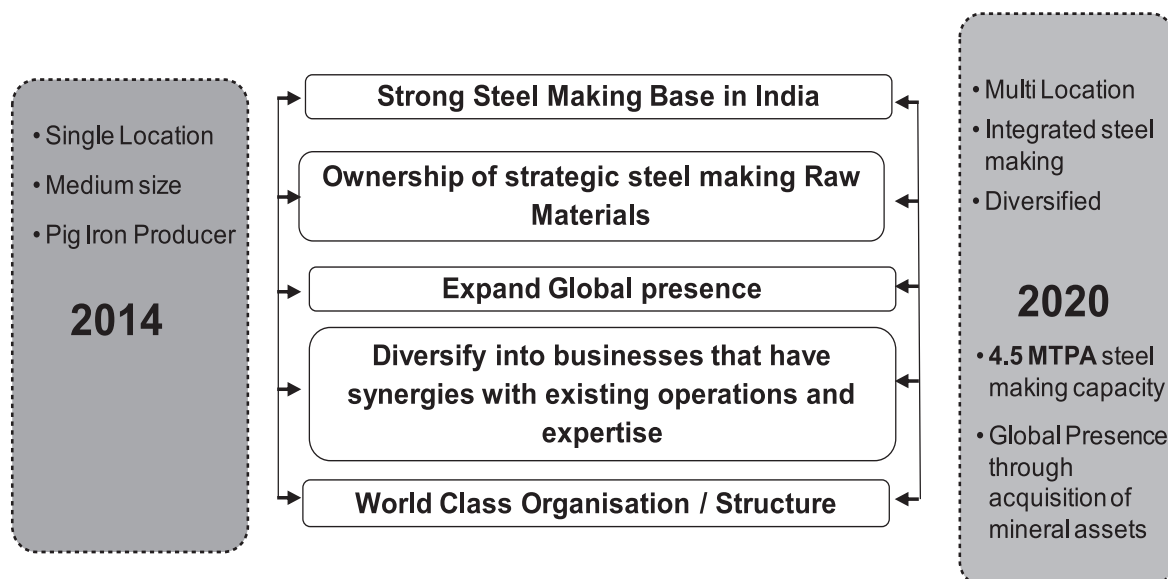
The Company (MISL) has clearly set its vision to position itself as a leading player in the brick and mortar sectors, which promote nation building, and a diversified mining company.

Early this year, the group's vision was created by its employees and promoters which states as follows:

“Mesco group commits to the brick and mortar sectors of economy which promote nation building. Our core competence is in steel and minerals which we will consolidate and diversify into sectors where we have past experience and synergies. In all these sectors we will strive to be the most efficient producer by creating value for the stakeholders.”

At the core of the strategic goals to meet the vision is MISL’s consolidation in India as a major integrated steel player of at least 4.5 million tonnes per annum capacity by 2020. MISL is exploring both organic and inorganic options for this achievement. Among these are our plan for brownfield expansion at our Jajpur unit to take the finished steel capacity to 3.5 million tonnes in 2 phases and inorganic growth through M&A in companies which provide a strategic fit. MISL is in discussions with the financiers and promoters of such assets to which we can add significant value on account of our experience and operational synergies.

To increase the competitiveness, we plan to commence operation of a 0.5 mtpa cement plant using BF slag at our Jajpur unit in the next 2 years. This year we commissioned the railway siding of 6mtpa material handling and we plan to expand it to 9 mtpa for which we have received the necessary permissions. We will install a wagon tippler in our raw material handling yard at a cost of ₹ 50 crores to improve the efficiency and throughput. We are also completely refurbishing one of our blast furnaces at the cost of ₹30 crores which will include refractories, top charging equipment, bag filters etc.



In order to retain the competitive edge, we have made ownership of strategic raw materials as our priority. MISL is pursuing the process of acquiring environment and forest clearances for its allotted coking coal block in Chindwara, Madhya Pradesh. MISL is also actively looking for an acquisition of a coking coal mine in the Bowen Basin of Australia.

DIVIDEND

Your Directors recommended a dividend of ₹ 0.75 i.e. 7.5% per equity share of ₹ 10 each. The dividend distribution will result in a cash outgo of ₹120.98 million (including tax on dividend of ₹17.57 Million).

PUBLIC DEPOSIT

Your Company has not accepted any deposits u/s 58A of the Companies Act, 1956, during the year under review.

INSURANCE

The Company has taken adequate insurance to cover the risks on the fixed assets of the Company including Plant & Machinery, Stock etc. during the year under review and it is sufficient to take care of the unforeseen situation, if any.

DIRECTORS

At the ensuing Annual General Meeting, two directors are liable to retire by rotation namely, Mr. Purna Chandra Sahu and Mrs. Natasha Sinha. These directors are eligible for re-appointment and expressed their willingness to be re-appointed.

Necessary resolutions for the re-appointment of the aforesaid Directors have been included in the Notice convening the Annual General Meeting.

None of the Directors of the Company are disqualified for being appointed as Directors as specified in Section 164(2) (a) and (b) of the Companies Act, 2013.

AUDITORS

STATUTORY AUDITORS

M/s. Todarwal & Todarwal, Chartered Accountants and M/s Sangram Paul & Co, Chartered Accountants, joint Statutory Auditors of the Company, hold office until the conclusion of the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The Company has received confirmation from both of them to the effect that their re-appointment, if made, would be within the prescribed limits under Section 139(1) of the Companies Act, 2013 and also that they are not disqualified for such re-appointment within the meaning of Section 141 of the said Act.

The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further explanation.

COST AUDITORS

Pursuant to the provision of Section 148 of the Companies Act, 2013, Circular issued by the Ministry of Corporate Affairs and applicable provisions, if any, your directors have re-appointed M/s. S. S. Sonthalia & Co., Cost Accountants, Bhubaneswar, as the Cost Auditors to conduct the Cost Audit of your Company for the financial year ending on 31st March, 2015.

The Cost Auditors have certified that they are not disqualified under any of the provisions of Section 141 read with Section 139 and Section 148 of the Companies Act, 2013, and that the appointment made is within the prescribed limit. A declaration to this effect has been submitted by the Auditors to the Audit Committee. A Certificate from the Cost Auditors of their being an independent firm of Cost Accountants and at Arm's length relationship with the Company has also been submitted to the Audit Committee.

INTERNAL AUDITORS

Pursuant to the provision of Section 138 of the Companies Act, 2013 and Rule 13 of the Companies (Accounts) Rules, 2014, your directors have re-appointed SRB & Associates, Chartered Accountants, Bhubaneswar, as the Internal Auditors to conduct the Internal Audit of your Company for the financial year ending on 31st March, 2015.

CORPORATE GOVERNANCE

A report on corporate governance along with a certificate from the Auditors of the Company regarding compliance of the conditions of corporate governance pursuant to clause 49 of the listing agreement is annexed as **Annexure A**.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report, as required under the Listing Agreement with the Stock Exchange, is annexed as **Annexure B**.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956 with respect to Directors' Responsibilities Statement, your Directors confirm as under:

- i. That in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed and that there are no material departures from the same;
- ii. That 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 as at 31st March, 2014 and of the profit of the Company for the year ended on that date;
- iii. That the Directors have taken proper and sufficient care 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; and

- iv. That the Directors have prepared the accounts for the financial year ended 31st March, 2014 on a “going concern” basis.

PARTICULARS OF EMPLOYEES

In accordance with the provisions of Section 217 (2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, the particulars of employees are required to be furnished in a statement to be annexed to this report. However, as per the provisions of Section 219 (1) (b) (v) of the Companies Act, 1956, the Annual Report is being sent to all the shareholders of the Company excluding the aforesaid information. Any shareholder interested in obtaining such particulars may write to the Company Secretary at the Registered Office of the Company.

PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING AND OUTGO

The Statement of particulars with respect to Conservation of Energy, Technology Absorption, Foreign Exchange Earning and Outgo pursuant to provision 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 is annexed herewith as **Annexure C** to the Directors' Report.

ACKNOWLEDGMENT

The Directors acknowledge, with gratitude, the co-operation and assistance received from the Government, Banks, other Business constituents, Members and Employees during the year under review.

FOR AND ON BEHALF OF THE BOARD

RITA SINGH

CHAIRPERSON CUM MANAGING DIRECTOR

Place: New Delhi

Date : 11.08.2014

ANNEXURE-A**REPORT ON CORPORATE GOVERNANCE****1) COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

Corporate Governance refers to a combination of regulations, procedures and voluntary practices that enable companies to maximize stakeholder's value by attracting financial and human capital and efficient performance. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders.

The Company believes in Corporate Governance that is dynamic and continuously evolving with passage of time. Accordingly, the Company has sought to institutionalize best governance practices to effectively fulfill its corporate responsibilities.

2) BOARD OF DIRECTORS

The Board presently comprises of Eleven Directors, of which five are Independent Non-Executive Directors. The Chairman of the Board is an Executive Director. The composition and category of Directors as on 31st March, 2014 is as follows:

S. No.	Name of Directors	Status I.e. Executive, Non-Executive and Independent	Numbers of Board Meetings		Whether attended last AGM
			Held during the year	Attended During the Year	
1	Mrs. Rita Singh	Promoter, Executive (Chairperson cum Managing Director)	4	4	Yes
2	Mr. Jitendra Kumar Singh	Promoter - Executive (Whole Time Director)	4	3	Yes
3	Mrs. Natasha Sinha	Promoter - Executive (Whole Time Director)	4	4	Yes
4	Mr. Purna Chandra Sahu	Executive (Whole Time Director)	4	3	Yes
5	Mr. Hanumantharao Ravipati	Executive (Whole Time Director)	4	3	No
6	Mr. Nandanadan Mishra	Non – Executive & Independent	4	4	Yes

S. No.	Name of Directors	Status I.e. Executive, Non-Executive and Independent	Numbers of Board Meetings		Whether attended last AGM
			Held during the year	Attended During the Year	
7	Mr. Debi Prasad Bagchi	Non Executive & Independent	4	4	No
8	Mr. Madhukar	Non – Executive & Independent	4	3	Yes
9	Mr. Sanjiv Batra	Non – Executive & Independent	4	3	No
10	Mr. Dipak Chatterjee	Non – Executive & Independent	4	3	No
11	Mr. Priyabrata Patnaik *	Executive (Whole Time Director)	NIL	NIL	N.A

None of the Directors of the Company was a member of more than ten Committees nor was the Chairman of more than five Committees across all Companies in which they are directors.

*Appointed as a Whole Time Director w.e.f. from 1st February 2014.

NUMBER OF BOARD MEETINGS

The Board met four times during the year ended 31st March 2014, i.e. on 22th May, 2013, 14th August, 2013, 14th November, 2013 and 25th January, 2014.

BOARD MEETING, COMMITTEE MEETING AND PROCEDURES

A. In order to setup the systems and procedures for the matters requiring discussions/decisions by the Board, the Board of Directors has framed guidelines for the meeting of Board of Directors and Committee thereof. The said Guidelines seek to systematize the decision making process at the meetings of Board/Committees, in most efficient manner.

The Board of Directors decide management policies, approves strategies and oversees business performance. The Board seeks to ensure that the corporate goals are met and seeks accountability with a view to ensure that the corporate mission is accomplished. The Board reviews the Company's Business Plans, annual capital and operating budgets, strategies, performance of operations, schedule for implementation of capital projects, purchase/disposal of assets, risk assessment procedures and minimization plans, compliance of applicable statutory/regulatory requirements, major legal issues, significant labour matters, quarterly/annual financial results, reports and observations of Auditors. While reviewing compliance reports of applicable laws, the Board also takes suitable steps to rectify non-compliance, if any.

B. Scheduling and selection of Agenda Items for Board Meeting

- i) The Company holds minimum of four Board Meetings in each year, which are pre-scheduled after the end of each financial quarter. Apart from the four pre-scheduled Board Meetings, additional Board Meetings are convened by giving appropriate notice at any time to address the specific needs of the Company. The Board may also approve permitted urgent matters by passing resolutions by circulation.
- ii) The meetings are usually held at the Company's Registered Office / Corporate office / or any other convenient place, anywhere in India, as the Board deem fit.
- iii) All divisions/departments in the Company are encouraged to plan their functions well in advance, particularly with regard to matters requiring discussions/approval/decision in the Board/Committee Meetings. All such matters are communicated to the Company Secretary in advance so that the same could be included in the Agenda for the Board Meetings.
- iv) The Board is given presentation covering Finance, Sales and Marketing, and the major business segments and operation of the Company, before taking on record the results of the Company for the preceding financial quarter at each of the pre-scheduled Board Meeting. The Board's annual agenda includes recommending dividend, determining directors who shall retire by rotation and recommending appointment of Directors/Auditors, authentication of annual accounts and approving Directors Report, long term strategic plan for the Company and the principal issues that the Company expects to face in the future. Board Meetings also note and review functions of its Committees.
- v) The Chairman of the Board and the Company Secretary in consultation with other concerned persons in the senior management, finalise the agenda papers for the Board Meetings.

C. BOARD MATERIAL DISTRIBUTION WELL IN ADVANCE

- 1) Agenda papers are circulated to the Directors, well in advance, as per Agenda format. All material information is incorporated in Agenda papers for meaningful and effective discussions at the meeting. In case, any papers /document to the agenda are not possible to attach, the same are placed on the table at the meeting with the specific reference in the agenda.
- 2) In case of urgency, additional item(s) in agenda are permitted with the permission of chair and in that case the subject matter is discussed at the meeting without written material being circulated in advance.
- 3) The members of the Board have access to all information of the Company and are free to recommend inclusion of any matter in the agenda for discussion.

D. MINUTES OF PROCEEDINGS OF BOARD MEETING

The Company Secretary records the minutes of the proceedings of each Board and Committee Meetings. Draft minutes are circulated to all the members of the Board and Committees for their comments. The minutes are entered in the Minutes Book within 30 days from the conclusion of the meeting.

E. POST MEETING FOLLOW UP MECHANISM

The guidelines for Board and Board Committee meetings facilitate an effective post meeting follow-up, review and reporting process for decisions taken by the Board and Board Committee thereof. Important decisions taken at Board/ Board Committee meetings are communicated promptly to the concerned departments/divisions. Action-taken report on decisions/minutes of the previous meeting(s) is placed at the succeeding meeting of the Board/ Board Committee for noting.

3) COMMITTEES OF THE BOARD

i. AUDIT COMMITTEE

The Board of Director has constituted Audit Committee comprising four Independent Non-Executive Directors. Mr. Madhukar, Independent Non-Executive Director, who acts as the Chairman of the Committee having a financial management expertise. The Audit Committee also complied with the requirements of Section 177 of the Companies Act, 2013 & Clause 49 of the Listing Agreement. Members of the Audit Committee possess financial/accounting expertise/exposure. The Audit Committee met four times during the year ended 31st March, 2014 i.e. on 22th May, 2013, 14th August, 2013, 14th November, 2013 and 25th January, 2014. Composition of the Committee and attendance of the members at the meetings is as under:

Name of the Member	Designation	No. of Meetings	Meetings attended
Mr. Madhukar	Chairman	4	3
Mr. Debi Prasad Bagchi	Member	4	4
Mr. Nandanadan Mishra	Member	4	4
Mr. Sanjiv Batra	Member	4	3
Mrs. Natasha Sinha	Member	4	4

The Audit Committee has performed the following functions as per the requirement contained in Clause 49 of Listing Agreement and Section 292A of the Companies Act, 1956:

- Overseeing the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending the appointment and removal of external auditor, fixation of audit fee and approval for payment of any other services;
- Reviewing with management the annual and quarterly financial statement before submission to the Board;
- Reviewing with the management and external and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function;
- Discussing with internal auditors any significant finding and follow up on such issues;

- Reviewing the findings of any internal investigations by the internal auditors in matters where there is suspected fraud or irregularity, or a failure of internal control systems of a material nature, and then reporting such matters to the Board;
- Discussing with external auditors before the audit commences on the nature and scope of audit, as well as having post-audit discussion to ascertain any area of concern;
- Reviewing the Company's financial and risk management policies; and
- Examining reasons for substantial default in the payment to shareholders (in case of non-payment of declared dividends) and creditors, if any.

ii. REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted following Remuneration Committee comprising three Non Executive Independent Directors and one Executive Promoter Director. Mr. Debiprasad Bagchi, the Non Executive Independent Director of the Company, acts as the Chairman of the Committee.

Name of the Member	Designation
Mr. Debiprasad Bagchi	Chairman
Mr. Nandanadan Mishra	Member
Mr. Sanjiv Batra	Member
Mrs. Natasha Sinha	Member

The Committee met only once during the year on 22nd May, 2013.

In April 2014, Clause 49 of Listing Agreement was amended. As per one of the amendment, the Company is required to form a 'Nomination and Remuneration Committee (NRC) which shall comprise at least three directors, all of whom shall be non-executive directors and at least half shall be independent. Chairman of the committee shall be an independent director.

In view of above mentioned amended clause, the Board has changed the name of Remuneration Committee to **Nomination and Remuneration Committee**.

Role of Nomination and Remuneration Committee is as follows:

1. Formulation of the criteria for determining qualifications, positive attributes and Independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
2. Formulation of criteria for evaluation of Independent Directors and the Board;
3. Devising a policy on Board diversity;
4. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

iii. SHAREHOLDERS' / INVESTORS' GRIEVANCE COMMITTEE

The Board of Director of the Company has constituted Shareholders'/Investors' Grievance Committee comprising of two Independent Non Executive Directors and one Executive Promoter Director. The Committee met four times during the year ended 31st March, 2014, i.e. on 22th May, 2013, 14th August, 2013, 14th November, 2013 and 25th January, 2014. Composition of the Committee and attendance of the members at the meetings is as under:

Name of the Member	Designation	No. of Meetings	Meetings attended
Mr. Nandanadan Mishra	Chairman	4	4
Mr. Sanjiv Batra	Member	4	3
Mrs. Rita Singh	Member	4	4

In April 2014, clause 49 of Listing Agreement has been amended. As per one of the amendment, the Company is required to form a '**Stakeholders Relationship Committee**' (SRC). SRC shall specifically look into the redressal of grievances of shareholders, debenture holders and other security holders of the company. SRC shall consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends. SRC shall be formed under the Chairmanship of a non-executive director and such other members as may be decided by the Board of the company.

In view of above mentioned amended clause, the Board has changed the name of Shareholders'/Investors' Grievance Committee (SIGC) to Stakeholders Relationship Committee (SRC) and also enhanced its scope as mentioned above.

SHARE TRANSFER SYSTEM

The Company's Registrar and Share Transfer Agent is Skyline Financial Services Private Limited. The shares lodged for physical transfer/transmission/transposition / rematerialization are registered within the prescribed time period provided the documents are complete in all respects. The shares are admitted for dematerialization with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited.

INVESTOR GRIEVANCE REDRESSAL

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Types of Complaints	Number of Complaints
Non-Receipt of Annual Reports	18
Non-Receipt of Dividend Warrants	40
Non-Receipt of share Certificates	8
Total	66

COMPLIANCE OFFICER

Mr. Anil Rustgi, Company Secretary, is the Compliance Officer for complying with requirements of Securities Laws and Listing Agreements with Stock Exchanges.

iv. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee of the Board of Directors was constituted on 14th November, 2013, in terms of the provisions of the Companies Act, 2013. The terms of reference of the Committee are as under:

- Formulate and recommend to the Board, Corporate Social Responsibility (CSR) Policy of the Company listing out the CSR activities of the Company.
- Identify Key Social Responsibility issues that may affect the business operations, brand image or reputation of the Company and review the implementation of Status thereof.
- Collaborate with Non-profit Organizations, NGOs, Societies, Government bodies and institutions for undertaking CSR initiatives within the framework of the CSR Policy of the Company.

The composition of the Committee is as under :

Name of the Member	Designation
Mr. Debiprasad Bagchi	Chairman
Mr. Nandanadan Mishra	Member
Mr. Sanjiv Batra	Member
Mrs. Natasha Sinha	Member
Mr. Priyabrata Patnaik	Member

No meeting of the Committee was held during the year ended 31st March, 2014.

4. DETAILS OF REMUNERATION PAID TO DIRECTORS FOR THE YEAR 2013-14

(₹ in millions)

Name of Director	Sitting Fees	Salaries & Perquisites	Commission (₹)	Total (₹)
Mrs. Rita Singh	Nil	32.27	12.50	44.77
Mr. Jitendra Kumar Singh	Nil	26.44	Nil	26.44
Mrs. Natasha Sinha	Nil	19.84	7.00	26.84
Mr. Purna Chandra Sahu	Nil	3.96	Nil	3.96
Mr. R. Hanumantharao Rao	Nil	1.20	Nil	1.20
Mr. Nandanadan Mishra	0.26	N.A.	0.7	0.96
Mr. Debiprasad Bagchi	0.18	N.A.	0.7	0.88
Mr. Madhukar	0.12	N.A.	0.7	0.82
Mr. Sanjiv Batra	0.22	N.A.	0.7	0.92
Mr. Dipak Chatterjee	0.06	N.A.	0.2	0.26

5. MANAGEMENT DISCUSSION AND ANALYSIS

The Directors' Report includes details of Management Discussion and Analysis of business of the Company.

6. DISCLOSURES BY MANAGEMENT TO THE BOARD

All details relating to financial and commercial transactions where Directors may have a pecuniary interest are provided to the Board, and the interested Directors neither participate in the discussion, nor do they vote on such matters.

7. DISCLOSURE

None of the transactions with any of the related parties were in conflict with the interest of the Company. Related party transactions have been reported in Notes to the Accounts. The Register of Contracts containing transactions, in which directors are interested, is placed before the Board regularly

8. CEO / CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, the Board of Directors have reviewed the certificate submitted by the Chief Executive Officer (CEO) and Director-Finance of the Company certifying various covenants about financial/ cash flow statements, internal controls, financial reporting, etc. The certificated is annexed as **Annexure-I**.

9. GENERAL SHAREHOLDER INFORMATION

COMPANY REGISTRATION DETAILS

The Company is registered in the State of Delhi, India. The Corporate Identity Number (CIN) allotted to the Company by the Ministry of Corporate Affairs (MCA) is L74899DL1992PLC050216.

FINANCIAL YEAR

April 1 to March 31

GENERAL BODY MEETINGS

• 21st ANNUAL GENERAL MEETING

- | | | |
|-------------------------|---|--|
| DAY, DATE & TIME | : | Saturday, 20.09.2014 at 10:30 A.M. |
| VENUE | : | Auditorium I, Siri fort Cultural Complex,
August Kranti Marg, New Delhi -110049 |
| • Date of Book Closure | : | Tuesday, 16.09.2014 to
Saturday, 20.09.2014 (Both days Incl.) |
| • Dividend Payment Date | : | on or after 22nd September, 2014 |

The location and time of the General Meetings held during the last three years is as follows:

Date	Venue	Date of Meeting	Time
2012-13	LUTYENS' , 222/223, New Mangla Puri, Mehrauli Gurgaon Road, (Near Metro Pillar No.13), New Delhi -110030	30 th September, 2013	10.30 a.m.
2011-12	Siri fort Auditorium, Hall No. 1, Asiad Village, New Delhi -110049	26 th September, 2012	10.30 a.m.
2010-11	D-3A, Ansal Villa, Satbari, New Delhi 110030	23rd September, 2011	9.30 a.m.

During the year ended 31st March, 2014, there was no resolution passed by the Company through postal ballot.

Extra Ordinary General Meeting(s) (EGMs): During the year, no Extra Ordinary General Meeting of the members of the Company was held.

MEANS OF COMMUNICATION

- Half Yearly report sent to each of shareholders : No.
- Quarterly Results which newspapers normally published in : Financial Express (English)
Jansatta (Hindi)
Any Web site, where displayed. : www.mescosteel.com
- Presentation made to Institutional Investors or to Analyst : No.

ANNUAL REPORT

The Annual Report containing, inter alia, Audited Annual Accounts, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report and is displayed on the Company's website (www.mescosteel.com).

SEBI Complaints Redress System (SCORES)

The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on complaint and its current status.

- Tentative Financial Calendar : 2014-15 (Subject to change)

The tentative dates for approval of Unaudited/Audited Financial Results for 2014-15 are as follows:

- | | | |
|-----|-----------------------------------|---------------------------------|
| (a) | Quarter ended June 30, 2014 | : Second week of August, 2014 |
| (b) | Quarter ending September 30, 2014 | : Second week of November, 2014 |
| (c) | Quarter ending December 31, 2014 | : Second week of February, 2015 |
| (d) | Quarter ending March 31, 2015 | : Last week of May 2015 |

Listing on Stock Exchange : Ahmedabad Stock Exchange
Bhubaneswar Stock Exchange
Calcutta Stock Exchange
Madras Stock Exchange

Annual listing fee for the year 2014-15, as applicable, has been paid by the Company to all the stock exchanges.

Annual Custody fee for the year 2014-15, as applicable, has been paid by the Company to both the depositories.

DEMATERIALIZATION OF SHARES AND LIQUIDITY

24.72% of total equity capital is held in dematerialized form with NSDL and CSDL as on March 31, 2014.

Demat ISIN No. for NSDL and CDSL : **INE170N01016**

Category	No. of Shares	% to Share Capital
Indian Promoters	903,56,370	65.53
Banks, Financial Institutions, Insurance Company etc.	3,15,700	0.23
Private Corporate Bodies	1,69,68,280	12.31
NRIs /OBCs	26,03,100	1.89
Others	2,76,31,550	20.04
TOTAL	13,78,75,000	100.00

• Distribution and Shareholding Pattern as on March 31, 2014

No. of equity shares held	No. of Folios/ Client id	%	No. Shares	%
Upto 500	1,87,172	98.25	2,37,21,110	17.20
501 – 1000	2,121	1.11	16,86,830	1.23
1001 – 2000	727	0.38	10,75,300	0.78
2001 – 3000	192	0.10	4,78,400	0.35
3001 – 4000	76	0.04	2,76,650	0.20
4001 – 5000	46	0.02	2,12,800	0.15
5001 – 10000	86	0.05	6,01,800	0.44
10001 and above	89	0.05	10,98,22,110	79.65
TOTAL	1,90,509	100.00	13,78,75,000	100.00

DIVIDEND DETAILS

Details of unclaimed dividend as on March 31, 2014 are given hereunder:


Period	Rate (%)	Date of declaration	Unclaimed dividend (₹)
2011-2012	5%	26.09.2012	8,682,862
2012-2013	7.5%	30.09.2013	12,441,792.75

INFORMATION PURSUANT TO CLAUSE 49 IV (G) (I) OF THE LISTING AGREEMENT

Information pertaining to particulars of Directors to be appointed and re-appointed at the forthcoming Annual General Meeting is being included in the Notice convening the Annual General Meeting.

QUARTERLY COMPLIANCE REPORT

The Company has been submitting the Compliance Report on Corporate Governance on quarterly basis to the stock exchanges within 15 days from the close of the relevant quarter. It is also regularly uploaded on the website of the Company.

- Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion dates and likely impact on equity
- Plant Locations
- Registrar and Share Transfer Agent
- Address for correspondence
- Not issued
- Kalinga Nagar Industrial Complex, Khurunti, P. O. Danagadi - 755026 Dist. Jajpur, Odisha
- Panchvati, P.O: Barbil Road, Barbil Keonjhar: 758035, Odisha
-  Skyline Financial Services Private Limited
 D-153 A, 1st Floor, Okhla Industrial Area, Phase - I, New Delhi-110 020.
 Tel.: +91 11 26812682-83, 647326181-88
 Fax: +91 11 26812682
 Web:www.skylinerta.com
- The Company Secretary
 Mesco Tower
 H -1, Zamrudpur Community Centre,
 Kailash Colony, New Delhi – 110 048.
 Ph No.-40587083/85, 29241099

Shareholders holding shares in electronic mode should address all their correspondence to their respective Depository Participant.

10. CODE OF CONDUCT

The Board of Directors of the Company has laid down Code of Conduct for Directors and Senior Management. The Code of Conduct is posted on the Company's Website www.mescosteel.com.



MESCO STEEL
Partnering Progress

All Board members and Senior Management personnel have affirmed compliance with the Code of Conduct for the year under review. This is annexed as **Annexure-II**

11. POLICY FOR PREVENTION OF INSIDER TRADING

In compliance with SEBI regulation on Insider Trading, the Company has framed comprehensive Code of Conduct for prevention of Insider Trading for its designated employees. The Policy laid down guidelines, which advise them on procedures to be followed and disclosure to be made while dealing with Shares of the Company and cautioning them on consequences of violations.

12. COMPLIANCE CERTIFICATE

Certificate from the Auditors of the Company, M/s. Todarwal & Todarwal, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is attached to the Directors' Report forming part of the Annual Report.

The certificate has also been forwarded to the Stock Exchanges where the shares of the Company are listed. The Certificate is annexed as **Annexure III**.

Annexure I

We, Rita Singh, Chairperson cum Managing Director and Natasha Sinha, Director Finance of the company hereby declare, confirm and certify as under:

- A. We have reviewed financial statements and the cash flow statement for the year and that to the best of our knowledge and belief :
1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
- C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls if any, of which we are aware and the steps to be taken to rectify these deficiencies.
- D. We have indicated to the auditors and the Audit committee:
1. Significant changes in internal control, if any, over financial reporting during the year;
 2. Significant changes in accounting policies, if any, during the year and that the same have been disclosed in the notes to the financial statements; and
 3. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

For Mideast Integrated Steels Limited

Rita Singh
CEO/Chairperson cum Managing Director

Natasha Sinha
Director Finance

Place : New Delhi

Date : 11.08.2014

Annexure II

CEO's Declaration on Code of Conduct

Annexure III

REPORT OF AUDITORS ON CORPORATE GOVERNANCE

To

The Members of

Mideast Integrated Steels Limited,

We have examined the compliance of conditions of Corporate Governance by Mideast Integrated Steels Limited for the year ended March 31, 2014, as stipulated in Clause 49 of the listing agreement entered into with the Stock Exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, 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 the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Todarwal & Todarwal.
Chartered Accountants
(Registration No. 104184W)

Arun Todarwal
(Partner)
Membership No. 032822

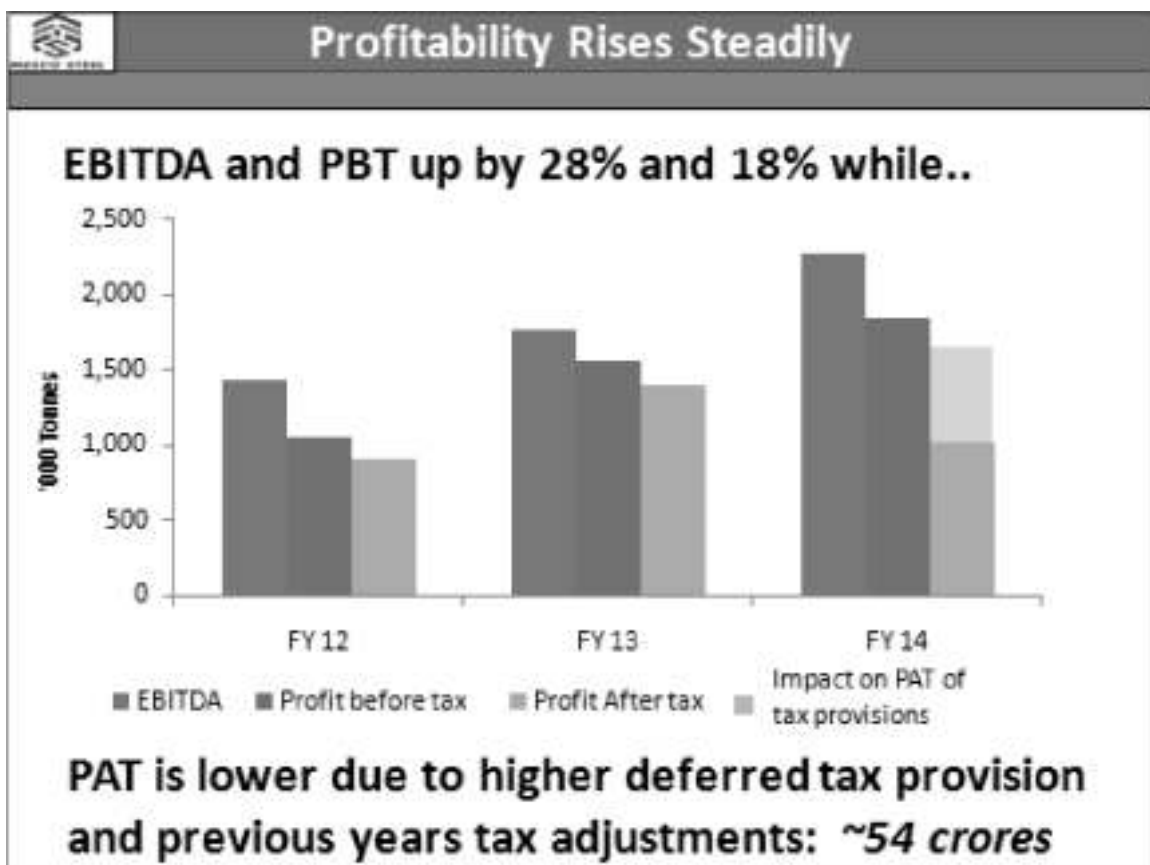
Place: New Delhi
Date: 21.05.2014

Annexure B

Management Discussion and Analysis

I) BUSINESS REVIEW

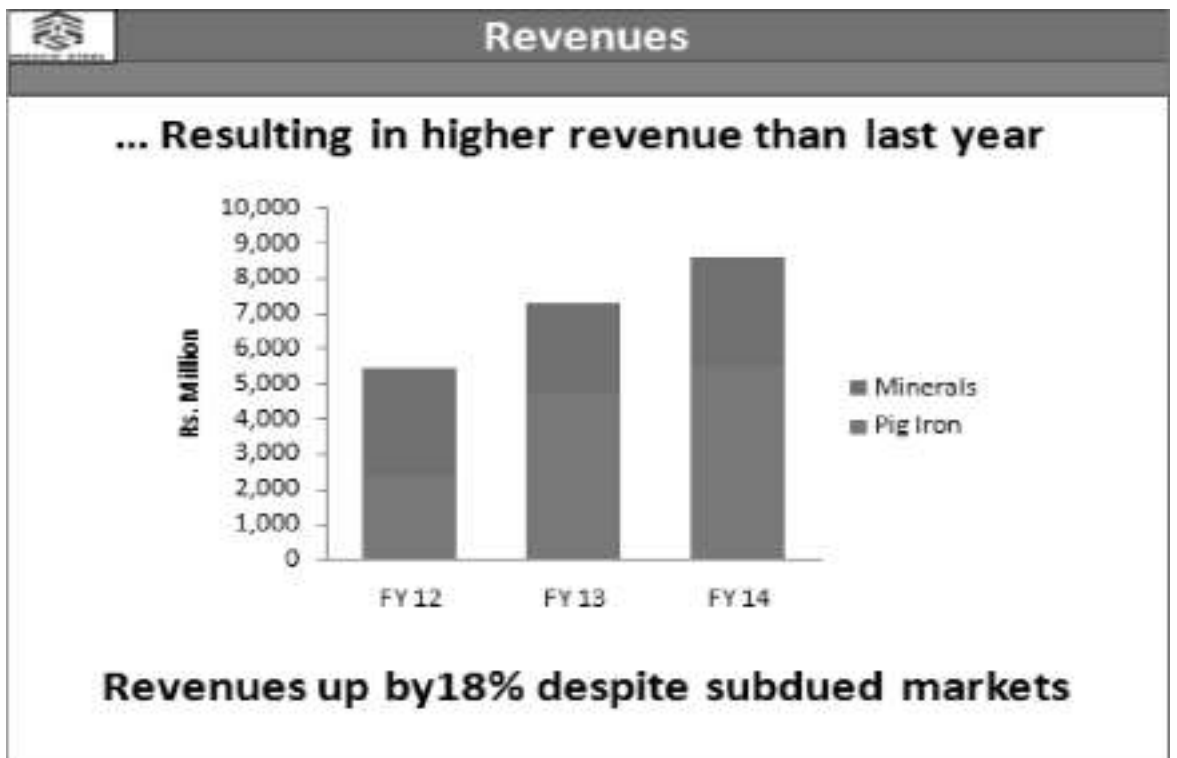
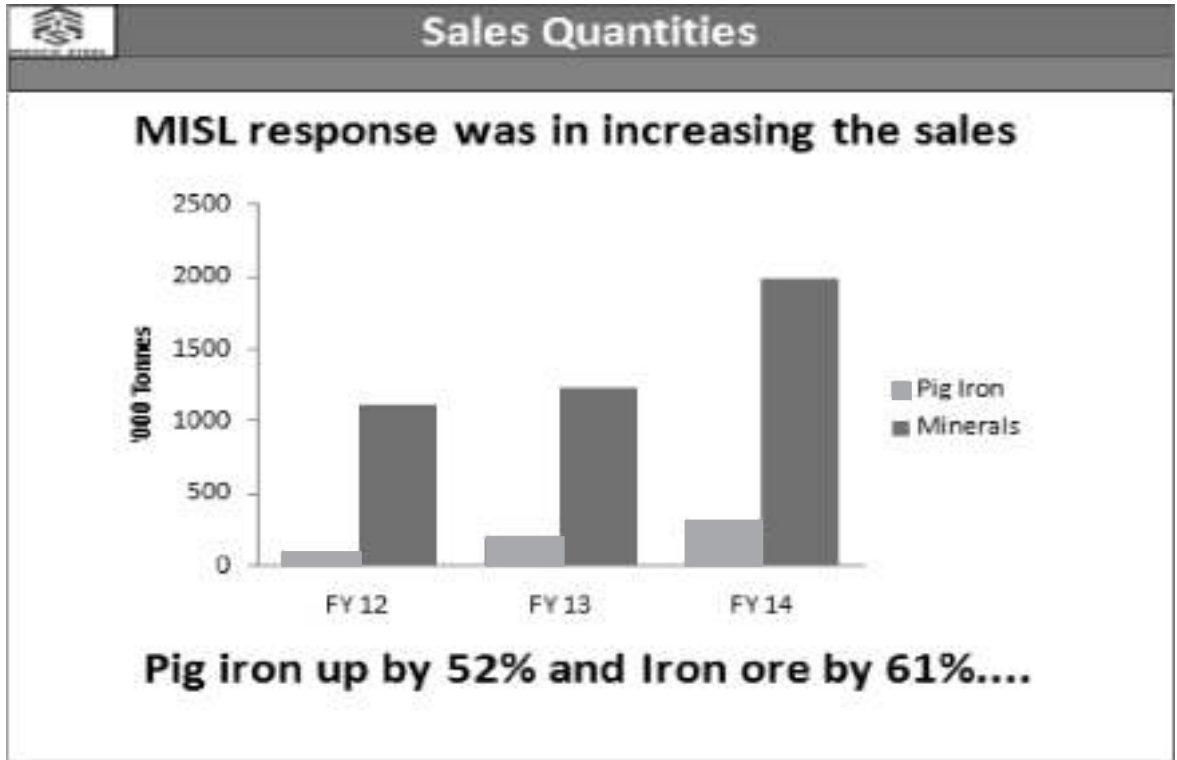
In the financial year 2013-2014, your Company has a profit before depreciation, Interest and tax of ₹ 2271.51 million as against 1772.38 million in the last fiscal. This is an increase of 28% from last year. Profit before tax is at ₹1849.92 million up by 18%. The profit after tax is lower this fiscal due to tax adjustments of the previous years and a higher deferred tax provision.



This is a very strong performance in the backdrop that the last year was a difficult year for the iron ore mining and pig iron industry. Iron ore prices on an average fell by 31% in FY 13-14 while pig iron prices fell by 6%. This performance was, therefore, possible by a strong response by your Company to the adverse market conditions as your Company recorded all round higher production and sales. Pig iron and iron ore production went up by 31% and 25% respectively while sales went up by 52% and 61% respectively. As a result the revenues went up by 18% overall.



MESCO STEEL
Partnering Progress



This year Mesco group set out its vision which has at its core MISL's consolidation in India as a major integrated steel player of at least 4.5 million tonnes per annum capacity by 2020. MISL is exploring both organic and inorganic options for this achievement. Among these are our plan for brownfield expansion at our Jajpur unit to take the finished steel capacity to 3.5 million tonnes in 2 phases and inorganic growth through M&A in companies which provide a strategic fit.

We plan to commence operation of a 0.5 mtpa cement plant using BF slag at our Jajpur unit in the next 2 years. We have also received permissions to increase the capacity of our railway siding to 9 mtpa from 7 mtpa. We will install a wagon tippler in our raw material handling yard at a cost of ₹ 50 crores and we are also completely refurbishing one of our blast furnaces at the cost of ₹ 30 crores.

In coking coal, your Company is actively pursuing opportunities to acquire coking coal assets in Australia.

2) INDUSTRIAL STRUCTURE & DEVELOPMENT

2013-14 had been a very difficult year for the Indian economy and the industry. India, Asia's third-largest economy continued to be weighed down by high inflation, a weak currency and a fall in foreign investment. The GDP growth late last year was a dismal 4.7% down from 5% since last year. The manufacturing sector contracted by 1.4%. Iron ore prices fell by 31% and the Pig Iron prices by 6%.

India maintained its position as the 4th largest producer of crude steel in the world with a production of 82 million tonnes in 2013-14. However, the demand didn't rise as expected and this sluggishness in demand resulted in lowering of prices. Globally also, the drivers for consumption were weak leading to lowering in demand for steel making raw materials and metallics.

India's Sponge iron production was about 24 MnT in FY14, up by 25% from the previous financial year. Sponge iron industry is noticing a structural change because of rising availability of merchant Pellets, falling lump prices and anticipated increase in crude Steel production.

3) OPPORTUNITIES & THREATS

In the current industrial scenario, when new projects for steel making capacity are extremely difficult to fructify, your Company sees an opportunity to grow by brown field expansion at its existing plant. The strength of this expansion plan lies in the competitive advantages of the Company. Its location provides close proximity to port, rail and road linkages. Captive source of iron ore from the mine in Roida and future potential of coking coal from the allocation of a coal block in Chindwara provides self sufficiency in key raw materials. Also important is the fact that there is a ready infrastructure in place which precludes any issues related to land acquisition.

Due to depressed demand and weakening prices, there are a few steel companies who have become unviable due to high cost of raw materials, gross reduction in revenues and high debt taken at a time when the commodity cycle was at its peak. Therefore, there is opportunity to examine M&A with such companies which have a direct strategic fit.

With increasing operational efficiencies and high degree of self reliance for raw materials, your Company has the capability to position itself as the low cost producer of steel in the country. The management expects that the current bout of slowdown is already reversing and the global

economy would bounce back over the next 3-4 years which would boost demand for steel and iron ore. Focus on infrastructure in the country would remain the story for the next decade and this would keep demand for steel on a high growth path. Your Company is ready to take the advantage as the cycle turns upwards.

Tight financial condition of banks has made borrowings that much more difficult. This may pose a slight impediment to our growth plans.

4) OUTLOOK

With the green shoots of recovery visible in the global economy and the prospect of a stable government at the centre, Indian economy is poised to grow much faster in 2015. Development, reforms and infrastructure are perceived to be ready to take the centre stage.

According to IMF data, tide is certainly rising. Global activity and world trade picked up in the second half of 2013. Financial conditions in advanced economies have eased with little change since the announcement by the U.S. Federal Reserve on December 18 that it will begin tapering its quantitative easing measures this month. This includes further declines in risk premiums on government debt of crisis-hit euro area economies.

Turning to projections, growth in the United States is expected to be at 3% in 2015 up from 2.8% estimated in 2014.

The Euro area is turning the corner from recession to recovery. IMF projects that growth will strengthen to 1 percent in 2014 and 1.4 percent in 2015. The pickup will generally be more modest in economies under stress, despite some upward revisions including Spain. Elsewhere in Europe, activity in the United Kingdom has been buoyed by easier credit conditions and increased confidence.

In Japan, growth is now expected to slow more gradually compared with last year. Temporary fiscal stimulus should partly offset the drag from the consumption tax increase in early 2014. Overall, growth in emerging market and developing economies is expected to increase to 5.1 percent in 2014 and to 5.4 percent in 2015. Growth in China rebounded strongly in the second half of 2013, largely due to acceleration in investment. However, this surge may be only temporary, in part because of policy measures aimed at slowing credit growth and raising the cost of capital. Growth is thus expected to moderate slightly to around 7½ percent in 2014–15.

In sum, global growth is projected to increase from 3 percent in 2013 to 3.7 percent in 2014 and 3.9 percent in 2015.

(World economic commentary sourced from IMF)

With Indian economy expected to return stronger growth, steel demand is expected to be higher to around 5% in the year 2014-15 and potentially around 10% in 2015-16.

Even at current per capita consumption level of 55 kg, the country is net importer of steel, so there is scope for expansion of steel industry in the country, given the medium term robust prospects for economic growth in the country.

In this background as mentioned before, your Company has embarked on a robust growth and expansion plan. The current expansion plan is to take the finished steel capacity to 3.5 million tonnes in 2 phases.

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.

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 is common to all units in the sector which 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.

7) ENVIRONMENT MANAGEMENT

The Company's Steel Plant is considered as one of the great plant in the world. 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 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 levels of particulate matter, sulphur dioxide and oxides of nitrogen continued to improve 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.

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.

Annexure C

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

A. CONSERVATION OF ENERGY

i. ENERGY CONSERVATION MEASURES TAKEN :

Energy Conservation during the financial year has accrued as a result of the following steps:

- Sinter Machine #2 has been commissioned and put into operation from 04.03.2014 and is continuously operating since then. The Sinter Machine #1 has been running continuously throughout the year and the average Sinter in Burden in Blast Furnace #1 has improved to 63.27% from 57.35% in previous year – thereby improving the BF productivity and has caused significant reduction in Coke Rate.

Similarly, the average Sinter #2 in Burden in Blast Furnace #2 which was put into operation in the month of January 2014 is 48.35%.

- Blast Furnace #2 has been put into operation after major capital repair on 13 January, 2014.
- Blast Furnace #1 Productivity improved to 2.01 T/M³/Day against 1.88 T/M³/Day during the same period last year. Blast furnace #2 productivity is 1.67 T/M³/Day after the capital repair.
- 100% utilization of Solid Waste generated in the plant like flue dust, lime sludge, BF sludge and unused coke breeze etc. being recycled at Sinter Plant improving the environmental condition and reducing the energy cost.
- Installation of a new mobile screen unit to screen various spilled mixed raw materials which has led to generation of various usable raw materials; e.g. Coke, Lump Ore & Iron Ore fines resulting in substantial saving.
- Company's Captive Power Plant is truly a Green Plant. No Coal or Natural Gases used as fuel. All waste gas from Blast Furnace is gainfully utilized as fuel in Boilers. Only very minimal LDO is used for start-up / support fuel.
- Subsequent to optimization of BF gas usage in different section, Captive Power generation from Turbine Generator #2 has increased by 55% in the financial year in comparison with previous year.
- 3rd Boiler has been commissioned w.e.f 28.05.2013.
- Boiler efficiency improved continuously by adopting regular PPM methods and better maintenance practices.
- Installed 1 no. of energy efficient screw type compressor in place of conventional reciprocating type compressor – electrical energy saving by 5%.

ii. Additional Proposals being implemented for further conservation of energy

Solar Energy or any other renewable energy – N.A.

iii. Total energy consumption and energy consumption per unit of production as per **Form-A**.

Form-A

FORM FOR DISCLOSURE OF PARTICULARS WITH RESPECT TO CONSERVATION OF ENERGY

SL NO	PARTICULARS	2013-14	2012-13
(A)	POWER AND FUEL CONSUMPTION		
1.	ELECTRICITY PURCHASED		
	UNITS IN KWH('000)	16068.48	16519.44
	TOTAL AMOUNT (RS IN MN)	102.46	99.95
	RATE/UNIT(RS)	6.38	6.05
2.	OWN GENERATION		
	THROUGH STEAM TURBINE GEN.UNIT		
	UNITS IN KWH('000)	20216.60	13027.90
3.	UNITS EXPORTED		
	UNITS IN KWH('000)	78.00	25.00
4.	FUEL/LDO CONSUMPTION		
	QUANTITY IN K.LTRS ('000)	1081.358	516.426
	TOTAL COST (RS IN MN)	63.83	25.99
5.	WATER PURCHASED		
	QUANTITY IN M ³ ('000)	741.982	680.671
	TOTAL COST (RS IN MN)	18.04	14.17
(B)	CONSUMPTION FOR PRODUCTION		
1.	ELECTRICITY		
	UNITS IN KWH('000)	36207.08	29522.34
	TOTAL AMOUNT (RS IN MN)	102.46	99.95
	COST PER TONNE OF PRODUCTION(IN RS)	381.97	491.46
2.	FUEL/LDO		
	QUANTITY IN K.LTRS ('000)	1081.358	516.426
	TOTAL COST (RS IN MN)	63.83	25.99
	COST PER TONNE OF PRODUCTION(IN RS)	237.97	127.79
3.	WATER		
	QUANTITY IN M ³ ('000)	741.982	680.671
	TOTAL COST (RS IN MN)	18.04	14.17
	COST PER TONNE OF PRODUCTION (IN RS)	67.25	69.68
4.	LOW ASH MET COKE		
	QUANTITY CONSUMED (IN MT)	215403	146063.00
	TOTAL COST (RS IN MN)	3643.47	2799.02
	COST PER TONNE OF PRODUCTION (IN RS)	13583	13763.00

B. TECHNOLOGY ABSORPTION

- i. Efforts, in brief, made towards technology absorption, adaption and innovation – **N.A.**
- ii. Benefits derived as a result of the above efforts – **N.A.**
- iii. Details about imported technology (imported during the last five years reckoned from the date of beginning of financial year), if any – **N.A.**

C. RESEARCH & 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. Some of the activities being carried out are as given below :

- Regular Thermography for health monitoring of B.F Hearth as well as shell lining of Blast Furnace are being carried out. Based upon the results of this diagnostic technique, corrective action of injection of hearth grouting and shell grouting are done.
- By closed material analysis and selection of the correct chemical composition of the mould material along with minor changes in the profile with improved maintenance practices, life of PCM moulds is increased significantly. This has resulted in reliability improvement and almost 100% availability of Pig Casting Machines which is vital for Blast Furnace operation.
- By continuous experimentation and trials, a suitable Cast House Trough Mass could be developed which has increased the runner life significantly from an average runner life of 7-8 days to 20 days .Efforts are in process to improve this life upto 30days.

D. FOREIGN EXCHANGE EARNINGS AND OUTGO

1. Activities relating to Exports: There were significant exports by the Company during the year.
2. Total Foreign exchange used and earned:

Particulars	₹ In Millions	
	31.03.2014	31.03.2013
(i) Foreign Exchange earned	397.27	5.95
(ii) Foreign Exchange used	2160.61	1768.55

AUDITOR'S REPORT

TO THE MEMBERS OF

MIDEAST INTEGRATED STEELS LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Mideast Integrated Steel Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence, on a test basis, about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act 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 March 31, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) 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 [and proper returns adequate for the purposes of our audit have been received from branches not visited by us];
 - c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
 - d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow-Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with the General Circular 15/2013 dated 13th September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
 - e) On the basis of written representations received from the directors as on March 31, 2014 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

**For and on behalf of
Todarwal & Todarwal
Chartered Accountants
ICAI Reg No : 111009W**

**For and on Behalf of
Sangram Paul & Co.
Chartered Accountants
ICAI Reg No : 308001E**

**Arun Todarwal
Partner
M. No.: 32822
Dated : 21st May 2014
Place: New Delhi**

**S. K. Paul
Proprietor
M.No.: 13015
Dated : 21st May 2014
Place : New Delhi**



MESCO STEEL
Partnering Progress

ANNEXURE TO AUDITORS REPORT

[Referred to in above the Auditor's Report of even date to the Members of Mideast Integrated

7. In our opinion and according to information and explanation given to us, the Company's present internal audit system is commensurate with its size and the nature of its business.
8. We have reviewed the books of accounts maintained by the company, where, pursuant to the rules made by the Central Government, the maintenance of Cost Records have been prescribed u/s. 209(1) (d) of the Companies Act, 1956. We are of the view that prima facie the prescribed accounts and records have been maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
9. (a) According to the books and records as produced and examined by us in accordance with generally accepted auditing practices in India and also Management representations, undisputed statutory dues in respect of Provident fund, Profession tax, Income Tax, Value added tax, Sales Tax, Wealth tax, Service tax, Custom duty, Excise duty, Cess and other material statutory dues, if any, applicable to it, has been regularly deposited with the appropriate authorities.

(b) As per the information and explanation given to us and the record produced before us, there is no disputed amount payable in case of Income Tax. Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty or cess except for the following:-
- 10 In our opinion and as per the records produced before us, the Company has no accumulated losses at the end of the financial year and has not incurred any cash losses during the financial year or in the immediately preceding financial year.
- 11 In our opinion and according to the information and explanation given to us and the books of accounts verified by us, the company has not defaulted in repayment of dues to a financial institution or bank.
- 12 According to information and explanation given to us, we are of the opinion that the Company has not granted any loans or advances on the basis of security by way of pledge of shares, debentures and other securities during the year.
- 13 In our opinion, considering the nature of activities carried on by the Company during the year, the provisions of any special statute applicable to chit fund/ nidhi/mutual benefit fund/ societies are not applicable to it. Hence the provisions of clause 4(xiii) are not applicable to the company.
- 14 According to the information and explanations given to us, the Company is not a dealer or trader in shares, securities, debentures and other investments. Hence the provisions of clause 4 (xiv) is not applicable to the company.
- 15 According to the information and explanations given to us, we are of the opinion that the Company has not given guarantee for loans taken by others from a bank. Hence the

Statute and Nature of Dues	Amount Not Deposited (In Millions ₹)	Forum where dispute is pending
Excise Duty	616.71	Various Authorities
Service Tax	112.04	Various Authorities
Sales Tax	266.24	Various Authorities
Total	994.99	

provisions of clause 4 (xv) is not applicable to the Company.

16 In our opinion and according to the information and explanation given to us, the term loans



MESCO STEEL
Partnering Progress

Balance Sheet as at 31 March, 2014

Particulars	Note No.	As at 31 March, 2014	As at 31 March, 2013
		₹ in Mn	₹ in Mn
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	1,378.75	1,378.75
Reserves and surplus	3	4,788.02	3,746.78
Non-current liabilities			
Long-term borrowings	4	298.05	352.27
Deferred tax liabilities (net)	24.5	669.26	42.32
Other long-term liabilities	5	5,885.46	4,580.92
Long-term provisions	6	28.15	27.03
Current liabilities			
Trade payables	7	995.42	1,796.09
Other current liabilities	8	1,798.50	2,402.44
Short-term provisions	9	495.18	397.48
TOTAL		16,336.79	14,724.08
ASSETS			
Non-current assets			
Fixed assets	10		
Tangible assets		9,349.85	8,559.50
Capital work-in-progress		280.98	1,070.14
Non-current investments	11	20.07	19.12
Long-term loans and advances	12	3,003.49	2,307.38
Current assets			
Inventories	13	2,111.61	1,517.17
Trade receivables	14	51.11	60.34
Cash and cash equivalents	15	793.97	767.62
Short-term loans and advances	16	725.71	422.81
TOTAL		16,336.79	14,724.08
Notes forming part of the financial statements	1 - 25		

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal &Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K.Paul
Proprietor
M. No :13015

Arun Todarwal
Partner
M No 32822

J.K. Singh
Director

Rita Singh
Chairperson cum
Managing Director

Place : New Delhi
Date : 21/05/2014

Natasha Sinha
Director Finance

Anil Rustgi
Company Secretary

Statement of Profit and Loss for the year ended 31 March, 2014

Particulars	Note No.	For the year ended	For the year ended
		31 March, 2014	31 March, 2013
		₹ in Mn	₹ in Mn
Revenue from operations (net)	17	8,623.99	7,287.79
Other income	18	71.65	264.39
Total revenue		8,695.64	7,552.17
Expenses			
Cost of materials consumed	19a	4,550.43	3,639.91
Changes in inventories of finished goods, work-in-progress and stock-in-trade	19b	(504.88)	(143.58)
Employee benefits expense	20	414.69	334.45
Finance costs	21	18.71	19.00
Depreciation and amortisation expense	10	474.54	457.65
Other expenses	22	1,892.24	1,684.63
Total expenses		6,845.71	5,992.05
Profit before tax		1,849.92	1,560.12
Tax expense:			
Current tax		387.76	327.02
(Less): MAT credit		(387.76)	(327.02)
Tax expense relating to prior years		(60.76)	-
Deferred tax		(626.94)	(155.69)
Profit for the year		1,162.22	1,404.43
Earnings per Equity share (of Rs. 10/- each)			
Basic & Diluted (Rs.)		8.43	10.19
Notes forming part of the financial statements	1 - 25		

The accompanying notes are an integral part of the financial statement.
As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal & Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No: 13015

Arun Todarwal
Partner
M No 32822

J K Singh
Director

Rita Singh
Chairperson cum
Managing Director

Place : New Delhi
Date : 21/05/2014

Natasha Sinha
Director Finance

Anil Rustgi
Company Secretary



MESCO STEEL
Partnering Progress

Cash Flow Statement for the year ended 31 March, 2014

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹ in Mn	₹ in Mn	₹ in Mn	₹ Mn
A. Cash flow from operating activities				
Net Profit / (Loss) before extraordinary items and tax		1,849.92		1,560.12
<i>Adjustments for:</i>				
Depreciation and amortisation	474.54		457.65	
Finance costs	18.71		19.00	
Interest income	(52.65)		(61.58)	
Rental income	-		(8.04)	
(Profit) / loss on sale / write off of assets	(10.77)		-	
Preliminary Expenses written off	-		9.17	
Net unrealised exchange (gain) / loss	39.87		36.53	
		469.70		452.73
Operating profit / (loss) before working capital changes		2,319.62		2,012.85
<i>Changes in working capital:</i>				
<i>Adjustments for (increase) / decrease in operating assets:</i>				
Inventories	(594.44)		(447.17)	
Trade receivables	9.23		17.35	
Short-term loans and advances	(362.89)		(107.16)	
Long-term loans and advances	(696.11)		(511.41)	
<i>Adjustments for increase / (decrease) in operating liabilities:</i>				
Trade payables	(800.68)		(72.13)	
Other current liabilities	(603.94)		(355.69)	
Other long-term liabilities	1,264.67		(0.24)	
Short-term provisions	383.74		190.36	
Long-term provisions	1.12		6.57	
		(1,399.30)		(1,279.52)
Cash generated from operations		920.32		733.33
<i>Net income tax (paid) / refunds</i>		(346.79)		(54.05)
Net cash flow from / (used in) operating activities (A)		573.52		679.28
B. Cash flow from investing activities				
Purchase of fixed assets including CWIP	(475.73)		(439.63)	
Proceeds from sale of fixed assets	10.77		-	
Inter-corporate deposits (net)	60.00		-	
Investment	(0.95)		-	
Rental receipt	-		8.04	
Interest received	52.65		61.58	
		(353.27)		(370.01)
Net cash flow from / (used in) investing activities (B)		(353.27)		(370.01)

Particulars	For the year ended 31 March, 2014		For the year ended 31 March, 2013	
	₹ in Mn	₹ in Mn	₹ in Mn	₹ Mn
C. Cash flow from financing activities				
Repayment of long-term borrowings	(54.21)		(165.16)	
Finance cost	(18.71)		(19.00)	
Dividends paid	(103.41)		(60.16)	
Tax on dividend	(17.57)		(11.18)	
		(193.90)		(255.50)
Net cash flow from / (used in) financing activities (C)		(193.90)		(255.50)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		26.35		53.77
Cash and cash equivalents at the beginning of the year		767.62		713.85
Cash and cash equivalents at the end of the year		793.97		767.62

The accompanying notes are an integral part of the financial statement.

As per our report of even date

For Sangram Paul & Company
Chartered Accountants
ICAI Reg No. 308001E

For Todarwal &Todarwal
Chartered Accountants
ICAI Reg No 111009W

For and on behalf of the Board of Directors

S.K. Paul
Proprietor
M. No :13015

ArunTodarwal
Partner
M No 32822

J.K. Singh
Director

Rita Singh
Chairperson cum
Managing Director

Place : New Delhi
Date : 21/05/2014

Natasha Sinha
Director Finance

Anil Rustgi
Company Secretary

Notes forming part of the financial statements

Note 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 or 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.

Other income is accounted on accrual basis.

f 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. 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.

g 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.

h 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. 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.

i 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.

j 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 actuarial 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. Actuarial gains or losses are recognised immediately in the statement of Profit and Loss.

k 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.

l 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.

m 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.

n 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.

o 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.

Note 2 Share capital

Particulars	As at 31 March, 2014 ₹ in Mn	As at 31 March, 2013 ₹ in Mn
Authorised 140,000,000 (P.Y. 140,000,000) Equity shares of Rs.10/- each	1,400.00	1,400.00
Issued , Subscribed and Paid up 137,875,000 (P.Y. 137,875,000) Equity shares of Rs.10/- each	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:

Equity Shares	As at 31 March, 2014		As at 31 March, 2013	
	Numbers	₹ in Mn	Numbers	₹ in Mn
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) Shareholders holding more than 5% of the ordinary shares in the company

Equity Shares	As at 31 March, 2014		As at 31 March, 2013	
	Numbers	%	Numbers	%
Mideast (India) Ltd	32,549,940	23.61	32,549,940	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.	12,151,700	8.81	12,051,700	8.71
Mesco Kalinga Steels Ltd.	10,000,000	7.25	10,000,000	7.25
Total	98,635,940	71.54	98,535,940	71.44

C) Right, preferences and restrictions attached to shares Equity Shares

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

Note 3 Reserves and surplus

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	₹ in Mn		₹ in Mn	
(a) Capital Reserve				
Opening balance		1,642.61		1,642.61
Add: Changes during the year		-		-
Closing balance		1,642.61		1,642.61
(b) Securities premium account				
Opening balance		677.70		677.70
Add : Premium on shares issued during the year		-		-
Closing balance		677.70		677.70
(c) Surplus / (Deficit) in Statement of Profit and Loss				
Opening balance		1,426.47		143.02
Add: Profit / (Loss) for the year		1,162.22		1,404.43
Less: Proposed Dividend on Equity Shares		103.41		103.41
Less: Tax on Proposed Dividend		17.57		17.57
Closing balance		2,467.71		1,426.47
Total		4,788.02		3,746.78

Note 4 Long-term borrowings

Particulars	As at 31 March, 2014		As at 31 March, 2013	
	₹ in Mn	₹ in Mn	₹ in Mn	₹ in Mn
	Non-Current	Current	Non-Current	Current
Secured				
Term loans from Banks	0.27	1.73	-	-
Term loans from Other Parties	2.32	0.61	-	56.32
	2.59	2.34	-	56.32
Unsecured				
From Promoters	295.46	-	295.46	-
From Others	-	-	56.81	-
	295.46	-	352.27	-
Total	298.05	2.34	352.27	56.32



Particulars					
Notes: Details of terms of repayment for the secured long-term borrowings and security provided in respect of the secured long-term borrowings:					
Particulars	Terms of repayment and security	As at 31 March, 2014		As at 31 March, 2013	
		Non-Current	Current	Non-Current	Current
		₹ Mn	₹ Mn	₹ Mn	₹ Mn
(I) Term loans from banks:					
a) ICICI Bank Limited	Vehicle loan of Rs. 1.54 Mn (PY NIL) are secured by first charge by way of hypothecation of the vehicle. Number of balance EMI payable is 3 .	-	1.54	-	-
b) Axis Bank, Kolkata	Vehicle loan of Rs. 0.46 Mn (PY NIL) are secured by first charge by way of hypothecation of the vehicle. Number of balance EMI payable is 27.	0.27	0.19	-	-
Total - Term loans from banks		0.27	1.73	-	-
(II) Term loans from other parties:					
Daimler Financial Services Pvt. Ltd.	Vehicle loan of Rs. 2.93 Mn (PY NIL) are secured by first charge by way of hypothecation of the vehicle. Number of balance EMI payable is 50 .	2.32	0.61	-	-
SREI Infrastructure Finance Ltd	Term loan of Rs. NIL (PY 37.62 Mn) are secured by first charge by way of hypothecation of two rakes consisting of 122 nos. BOXN-HS wagons of specification RDSO Spec. WD-03-BOXN-HS-2003 under drawing no WD-80007/S-2 and two break vans ranking pari passu with the changes created in favour of existing lenders	-	-	-	56.32
Total - Term loans from other parties		2.32	0.61	-	56.32

Note 5 Other long-term liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Trade payables	1,192.43	-
Advances from customers	4,693.03	4,580.92
Total	5,885.46	4,580.92
Note : Company has sufficient stock against long term advance from customers.		

Note 6 Long-term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
(a) Provision for employee benefits:		
(i) Provision for gratuity	24.51	23.83
(ii) Provision for leave encashment	3.64	3.20
Total	28.15	27.03

Note 7 Trade payables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Micro, Small & Medium enterprises	-	-
Others	995.42	1,796.09
Total	995.42	1,796.09

Note 8 Other current liabilities

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Current maturities of long-term debt	2.34	56.32
Interest accrued and due on borrowings	0.05	1.59
Unpaid dividends	21.12	8.77
Statutory Dues	79.86	15.37
Payables against purchase of fixed assets	23.46	87.66
Trade / security deposits received	26.07	21.45
Advances from customers	1,645.59	2,211.28
Total	1,798.50	2,402.44



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Note 9 Short term provisions

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
(a) Provision for employee benefits:		
(i) Provision for gratuity	1.00	2.07
(ii) Provision for leave encashment	2.24	1.47
(b) Provision - Others:		
(i) Provision for tax (net of advance tax)	370.96	272.96
(ii) Proposed equity dividend	103.41	103.41
(iii) Tax on proposed dividend	17.57	17.57
Total	495.18	397.48

Note No. 10 Fixed Assets

₹ in Mn

Particulars	Gross Block				Depreciation				Net Block	
	As at March 31, 2013	Additions	Deductions	As at March 31, 2014	As at March 31, 2013	During the year	Deductions	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014
Land (Leasehold)	53.34	32.59	-	85.93	-	-	-	-	53.34	85.93
Land and Site Development	271.36	-	-	271.36	-	-	-	-	271.36	271.36
Building	1,348.52	12.95	-	1,361.47	143.85	22.19	-	166.04	1,204.67	1,195.43
Plant and Machinery	8,124.08	1,136.60	17.53	9,243.15	1,851.70	396.47	17.53	2,230.64	6,272.38	7,012.51
Furniture and Fixtures	127.24	8.49	-	135.73	25.85	8.38	-	34.23	101.39	101.50
Office Equipment	11.72	4.89	-	16.61	2.54	1.10	-	3.64	9.18	12.97
Computer	70.98	1.26	-	72.24	53.59	10.14	-	63.73	17.39	8.51
Vehicles	31.04	29.32	-	60.36	10.90	4.20	-	15.10	20.14	45.26
V Sat	0.82	-	-	0.82	0.14	0.04	-	0.18	0.68	0.64
Railway Siding	638.68	38.80	-	677.48	29.71	32.03	-	61.74	608.97	615.74
Total	10,677.78	1,264.90	17.53	11,925.15	2,118.28	474.54	17.53	2,575.30	8,559.50	9,349.85
Previous Year	10,542.12	135.66	-	10,677.78	1,660.63	457.65	-	2,118.28	8,881.49	8,559.50

Note 11 Non-current investments

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Investments (At cost):		
Long Term, Unquoted*	20.07	19.12
Total	20.07	19.12

* Keonjhar Infrastructure Development Company Ltd

Note 12 Long-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Capital advances		
Unsecured, considered good	58.55	59.91
Security deposits		
Unsecured, considered good	41.93	56.65
Loans and advances to related parties		
Unsecured, considered good*	2,046.52	1,689.09
Other loans and advances		
Unsecured, considered good	-	22.32
MAT credit entitlement		
Unsecured, considered good	856.49	479.40
Total	3,003.49	2,307.38
*Note :For securing Long Term future supply of Iron Ore ₹ 2,046.52 mn. (PY 1,689.45 mn.)		

Note 13 Inventories

(At lower of cost and net realisable value)

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Raw materials	572.58	503.21
Work-in-progress	49.56	18.61
Finished goods	1,437.70	961.22
Goods-in-transit- FG	-	2.55
Stores and spares	51.78	31.59
Total	2,111.61	1,517.17

Note 14 Trade receivables

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	3.35	6.50
Doubtful	-	-
Less: Provision for doubtful trade receivables	-	-
	3.35	6.50
Other Trade receivables		
Unsecured, considered good	47.76	53.84
Less: Provision for doubtful trade receivables	-	-
	47.76	53.84
Total	51.11	60.34

Note 15 Cash and cash equivalents

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
(a) Cash on hand	100.71	72.75
(b) Cheques, drafts on hand	-	3.83
(c) Balances with banks		
(i) In current accounts	77.27	235.63
(ii) In deposit accounts	484.02	366.49
(iii) In earmarked accounts		
- Balances held as margin money or security against, guarantees and other commitments	110.85	80.14
- Unpaid dividend accounts	21.12	8.77
Total	793.97	767.62

Note 16 Short-term loans and advances

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Loans and advances to Suppliers Unsecured, considered good	99.90	129.07
Loans and advances to employees Unsecured, considered good	1.14	2.16
Prepaid expenses Unsecured, considered good	72.39	1.91
Balances with government authorities (CENVAT, VAT, Service Tax) Unsecured, considered good	450.56	243.70
Inter-corporate deposits Unsecured, considered good	60.00	-
Others Receivables Unsecured, considered good	41.71	43.62
Preliminary Expenses to the extent not written off	-	2.36
Total	725.71	422.80

Note 17 Revenue from operations

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Sale of products	9,253.71	7,873.70
Less: Excise duty	629.73	585.91
Total	8,623.99	7,287.79

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Sale of products comprises:		
<u>Manufactured goods</u>		
Pig Iron	5,537.17	4,740.41
Minerals	3,086.81	2,547.38
Total - Sale of manufactured goods	8,623.99	7,287.79



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Note 18 Other income

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Interest income (Refer note 1 below)	52.65	61.58
Rental Income	-	8.04
Prior period expenses reversed	-	192.84
Others (Refer note 2 below)	19.00	1.93
Total	71.65	264.39

Note : 1

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Interest income comprises:		
Interest from banks deposits	51.74	60.87
Interest from others	0.91	0.71
Total	52.65	61.58

Note : 2

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Other income comprises:		
Insurance claim	2.69	1.93
Duty draw back	5.18	-
Profit on sale of fixed asset	10.77	-
Others	0.36	-
Total	19.00	1.93

Note 19.a Cost of materials consumed

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Opening stock	503.21	217.93
Add: Purchases	4,619.79	3,925.19
Less: Closing stock	572.58	503.21
Cost of material consumed	4,550.43	3,639.91
Material consumed comprises:		
Raw material -Iron ore	535.62	534.62
Raw material - Coke	3,794.86	2,795.11
Other items	219.95	310.18
Total	4,550.43	3,639.91

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

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
<u>Inventories at the end of the year:</u>		
Finished goods	1,437.70	963.76
Work-in-progress	49.56	18.61
	1,487.26	982.38
<u>Inventories at the beginning of the year:</u>		
Finished goods	963.76	838.80
Work-in-progress	18.61	-
	982.38	838.80
Net increase / (decrease)	504.88	143.58

Note 20 Employee benefits expense

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Salaries and wages	394.02	306.14
Contributions to provident and other funds	14.04	13.37
Provision for gratuity	0.33	7.51
Provision for leave	1.31	2.19
Staff welfare expenses	4.99	5.24
Total	414.69	334.45

Note 21 Finance costs

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Interest expense on:		
Borrowings	11.70	14.51
Others	7.01	4.49
Total	18.71	19.00

Note 22 Other expenses

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Consumption of stores and spare parts	144.75	65.52
Increase / (decrease) of excise duty on inventory	33.42	22.04
Mining cost (including royalty)	858.82	872.32
Power and fuel	137.74	122.82
Repairs and maintenance - Buildings	10.10	5.17
Repairs and maintenance - Machinery	26.03	37.69
Insurance	9.44	6.69
Rates and taxes	17.47	13.29
Communication	5.71	5.27
Travelling and conveyance	79.46	58.97
Selling & Distribution	217.73	133.41
Donations and contributions	12.14	10.45
Legal and professional	96.40	66.54
Net loss on foreign currency transactions and translation	40.13	36.53
Payments to auditors (Refer Note (i) below)	1.30	1.30
Preliminary Expenses written off	-	9.17
Miscellaneous expenses	201.62	217.46
Total	1,892.24	1,684.63

Note:(i)

Particulars	As at 31 March, 2014	As at 31 March, 2013
	₹ in Mn	₹ in Mn
Payments to the auditors comprises (net of service tax input credit, where applicable): As auditors - statutory audit	1.30	1.30
Total	1.30	1.30



Note 23 Additional information to the financial statements

Note	Particulars		
23.1	Contingent liabilities (to the extent not provided for) Claims against the Company not acknowledged as debt : Central excise, customs and service tax Sales Tax	As at 31 March, 2014	As at 31 March, 2013
		₹ in Mn	₹ in Mn
		768.86	246.06
		326.60	349.20
23.2	Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 The Company has not received intimation from vendors regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. Consequently the amount paid/payable to these parties is nil.		
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: Raw materials (Payment in Rupees. CY ₹ 2136.37 Mn. and PY ₹ 996.49 Mn.) Spare parts Capital goods	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		₹ in Mn	₹ in Mn
		2,136.37	1,696.42
		1.72	-
23.5	Expenditure in foreign currency: Professional and consultation fees Other matters	-	1.28
		22.52	10.51

23.6	Details of consumption of imported and indigenous items	For the year ended 31 March, 2014	
		₹ in Mn	%
23.7	<u>Imported</u>		
	Raw Materials	1749.91 (1283.08)	100% (100%)
	Spare parts	1.72 (NIL)	0% (0%)
23.8	<u>Indigenous</u>		
	Raw materials	2800.52 (2286.48)	95.14% (97.21%)
	Spare parts	143.03 (65.52)	4.86% (2.79%)
	Total	4693.45 (3635.08)	100% (100%)
	Note: Figures / percentages in brackets relates to the previous year		
23.9	Earnings in foreign exchange:	For the year ended 31 March, 2014	For the year ended 31 March, 2013
		₹ in Mn	₹ in Mn
		Export of goods calculated on FOB basis	397.27

Note 24 Disclosures under Accounting Standards

Note	Particulars
24.1	Employee benefit plans
24.1.a	<u>Defined contribution plans</u> 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 ₹14.04 Mn (Previous Year ₹13.37 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	<u>Defined benefit plans</u> The following table sets out the provision for gratuity and leave amount recognised in the financial statements:



₹ in Mn

Note	Particulars	Year ended 31 March, 2014		Year ended 31 March, 2013	
		Gratuity	Leave	Gratuity	Leave
	Components of employer expense				
	Current service cost	3.37	0.46	3.92	1.51
	Interest cost	2.09	0.38	1.60	0.22
	Past service cost	-	0.09	-	-
	Actuarial losses/(gains)	(5.13)	0.37	1.98	0.46
	Total expense recognised in the Statement of Profit and Loss	0.33	1.30	7.50	2.19
	Actual contribution and benefit payments				
	Actual benefit payments	0.71	0.09	0.94	0.36
	Actual contributions	-	-	-	-
	Net asset / (liability) recognised in the Balance Sheet				
	Present value of defined benefit obligation	(25.50)	(5.89)	(25.88)	(4.68)
	Fair value of plan assets	-	-	-	-
	Funded status [Surplus / (Deficit)]	-	-	-	-
	Unrecognised past service costs	-	-	-	-
	Net asset / (liability) recognised in the Balance Sheet	(25.50)	(5.89)	(25.88)	(4.68)
	Change in defined benefit obligations (DBO) during the year				
	Present value of DBO at beginning of the year	25.88	4.68	19.32	2.84
	Current service cost	3.37	0.46	3.92	1.51
	Interest cost	2.09	0.38	1.60	0.23
	Actuarial (gains) / losses	(5.13)	0.37	1.98	0.46
	Past service cost	-	0.09	-	-
	Benefits paid	(0.71)	(0.09)	(0.94)	(0.36)
	Present value of DBO at the end of the year	25.50	5.89	25.88	4.68
	Actuarial assumptions				
	Discount rate	9.10%	9.10%	8.2%	8.2%
	Salary escalation	6%	6%	6%	6%
	Mortality tables	IALM (2006-08) Ult	IALM (2006-08) Ult	LIC (1994-96)	LIC (1994-96)

Note	Particulars
24.2	<p>Segment information</p> <p>The Company's business activity primarily falls within a single business segment i.e. Iron and steel business and hence there are no disclosures to be made under Accounting Standard (AS-17) "Segment Reporting" issued by the Institute of Chartered Accountants of India.</p>

Note 24.3 Related party transactions

Details of related parties:

Note	Description of relationship	Names of related parties
24.3a	<p>Key Management Personnel (KMP)</p> <p>Relatives of KMP</p> <p>Company in which KMP / Relatives of KMP can exercise significant influence</p>	<p>Mr. Jitendra Kumar Singh (Director)</p> <p>Mrs. Rita Singh (Chairperson cum Managing Director)</p> <p>Mrs. Natasha Singh Sinha (Director Finance)</p> <p>Mr. P. C. Sahu (Director)</p> <p>Mr. R. H. Rao (Director)</p> <p>Mr. Priyabrata Patnaik (Director)</p> <p>Mrs. Shipra Singh Rana</p> <p>a) Mesco Steels Limited</p> <p>b) Mesco Logistics Limited</p> <p>c) Mesco Kalinga Steels Limited</p> <p>d) Mesco OMC Mining Corporation Limited</p> <p>e) Mideast India Limited</p> <p>f) Mesco Pharmaceuticals Limited</p> <p>g) Mesco Hotels Limited</p> <p>h) Mesco Aerospace Limited</p> <p>i) Mesco Laboratories Limited</p> <p>j) Mesco Shoes Limited</p> <p>k) 21st Century Finance Ltd</p> <p>l) Mesco India Ltd</p> <p>m) Chhindwara Coal Washing Pvt Ltd</p>

Note: Related parties have been identified by the Management.

₹ in Mn

Note	Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:			
24.3b	Transaction during the year	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significance influence
	<u>Purchase of Goods</u>			
	Mesco Steels Limited	-	-	-
				(259.81)
	<u>Advances given</u>			
	Mesco Steels Limited	-	-	357.07
				(162.79)
	<u>Receiving of Services</u>			
	Mesco Steels Limited	-	-	-
		-	-	(4.12)
	Mesco Logistics Limited	-	-	-
				(2.40)
	<u>Rentals paid</u>			
	Mesco Steels Limited	-	-	0.60
		-	-	-
	Mesco Logistics Limited	-	-	0.63
		-	-	-
	Mesco Hotels Limited	-	-	0.72
		-	-	-
	Mesco Kalinga Steels Limited	-	-	0.72
		-	-	-
	Mrs. Rita Singh	6.00	-	-
		(4.00)	-	-
	Mrs. Natasha Singh Sinha	6.00	-	-
		(6.00)	-	-
	Mrs. Shipra Singh Rana	-	0.60	-
		-	(0.60)	-
	<u>Remuneration*:</u>			
	Mr. J. K. Singh	26.44	-	-
		(15.72)	-	-
	Mrs. Rita Singh	44.77	-	-
		(31.72)	-	-
	Mrs. Natasha Singh Sinha	26.84	-	-
		(18.51)	-	-

Note Details of related party transactions during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014:				
24.3b	Transaction during the year	KMP	Relatives of KMP	Entities in which KMP / relatives of KMP have significance influence
	Mrs. Shipra Singh Rana	-	8.49	-
		-	(7.17)	-
	Mr. P C Sahu	3.96	-	-
		(3.60)	-	-
	Mr. R. H. Rao	1.20	-	-
		(1.20)	-	-
	<u>Balances outstanding at the end of the year</u>	-	-	-
	Advances:	-	-	-
	Mesco Steels Limited	-	-	2,046.52
				(1,689.45)
	Payables:	-	-	-
	Mesco Logistics Limited	-	-	-
				(0.36)
	Mr. J. K. Singh	0.97	-	-
		(1.50)	-	-
	Mrs. Rita Singh	7.40	-	-
		(10.25)	-	-
	Mrs. Natasha Singh Sinha	5.55	-	-
		(5.63)	-	-
	Mrs. Shipra Singh Rana	1.18	-	-
		(1.04)	-	-

* Remuneration includes perquisites computed as per Income Tax Act.

Note: Figures in bracket relates to the previous year

Note	Particulars	For the year ended	For the year ended
		31 March, 2014	31 March, 2013
		₹ in Mn	₹ in Mn
24.4	Earnings per share		
	Basic & Diluted		
	Net profit / (loss) for the year attributable to the shareholders	1,162.22	1,404.43
	Weighted average number of equity shares	137,875,000	137,875,000
	Par value per share (₹)	10	10
	Earnings per share (₹)	8.43	10.19



Note	Particulars	As at 31 March, 2014	As at 31 March, 2013
		₹ in Mn	₹ in Mn
24.5	Deferred tax (liability) / asset		
	<u>Tax effect of items constituting deferred tax liability</u>		
	On difference between book balance and tax balance of fixed assets	(700.66)	(408.63)
	Tax effect of items constituting deferred tax liability	(700.66)	(408.63)
	<u>Tax effect of items constituting deferred tax assets</u>		
	Provision for compensated leaves, gratuity and disallowances under Income Tax	31.40	10.39
	Unabsorbed depreciation and business losses carried forward	0.00	355.92
Tax effect of items constituting deferred tax assets	31.40	366.31	
	Net deferred tax (liability) / asset	(669.26)	(42.32)

Note 25 Previous year's figures

Note	Particulars
25	Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.