

435

NOVA IRON & STEEL LIMITED



NOVA R.G.
GROUP

18th
ANNUAL
REPORT
2009-2010



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NOVA IRON & STEEL LIMITED

18TH ANNUAL REPORT 2009-2010
Year ended 30th June, 2010

BOARD OF DIRECTORS

Mr. R.K. Gambhir - Chairman
Mr. Narsingh Awatar
Mr. V.K. Sakhuja
Mr. M. Ramachandran
Mr. A. Rajasekaran
Mr. Bhaskar Thatikonda - Whole Time Director

DIRECTOR-CUM - COMPANY SECRETARY

Mr. S.P. Maken

BANKERS

Bank of India
Axis Bank Ltd.
Kotak Mahindra Bank Ltd.

AUDITORS

M/s Antima & Goel
Chartered Accountants
A-6, Lower Ground Floor,
Defence Colony, New Delhi-110024

CORPORATE OFFICE

506, Hemkunt Tower,
98, Nehru Place, New Delhi-110 019

PLANT & REGD. OFFICE

Village - Dagori, Tehsil-Belha
Distt. Bilaspur (Chattisgarh)
Pin 495 224

REGISTRAR & SHARE TRANSFER AGENTS

Abhibra Capital Limited
F-7/4, Ground Floor, Sector-16,
Rohini, Delhi-110085

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NOTICE

Notice is hereby given that the 18th Annual General Meeting of Nova Iron & Steel Limited will be held at the plant site & Regd. Office at Village Dagori, Tehsil Belha, District Bilaspur, Chattisgarh on Friday, the 8th October, 2010 at 12-30 P.M. to transact the following business :

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2010 and the profit & loss Account of the Company for the year ended on that date and the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Shri R.K. Gambhir who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri V.K. Sakhuja who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s Antima & Goel, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

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 the provisions of Section 198, 269, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and such other approvals as may be required, the re-appointment of Sh. S.P. Maken as a Whole Time Director for a further period of 3 years w.e.f. 21-6-2010 on the following terms and conditions be and is hereby approved-

I) **SALARY** : Basic salary of Rs. 60,000/- (Rupees Sixty Thousands Only) per month

II) **PERQUISITES** :

CATEGORY A :

- i) House Rent Allowance/Company leased accommodation upto Rs. 20,000/- (Rupees Twenty Thousands Only) per month.
- ii) Reimbursement of the following at actuals not exceeding:
 - Rs. 15,000/- per month for Car Maintenance expenses for the business of the Company.
 - Rs. 2,000/- per month for Newspapers, Books & Periodicals.
 - Rs. 1,200/- per month on Medical Expenses.
 - Rs. 3,000/- per month on Business Promotion.

CATEGORY B :

- i) Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company and to the extent these are, singly or put together not taxable under the Income Tax Act, 1961.
- ii) Leave Travel Assistane as per Rules of the Company and not taxable under the Income Tax Act, 1961.
- iii) Encashment of Leave(s) as per rules of the Company.
- iv) Gratuity as per rules of the Company.

CATEGORY C:

Providing of car and Driver for use on Company's business and telephone at residence will not be considered as perquisites.

For the purpose of calculating the ceiling of remuneration, Perquisites shall be evaluated as per Income Tax Rules, wherever applicable.

In the event of loss or inadequacy of profits, Mr. S.P. Maken will be paid the remuneration as mentioned hereinabove subject to the maximum limit as prescribed in Schedule XIII of the Companies Act, 1956."

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

"RESOLVED THAT pursuant to the provisions of Section 81, 81 (1A) and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modification(s) amendment(s) or re-enactment(s) thereof for the time being in force) and in accordance with the existing guidelines, rules and regulations of the Securities and Exchange Board of India ("SEBI") (including the SEBI (Substantial Acquisition of Shares and Takeovers Regulations, 1997) Reserve Bank of India, Government of India (including any statutory amendment(s) modification(s) and of re-enactment(s) thereof, for the time being in force) and enabling provisions in the Memorandum and Articles of Association of the Company and subject to such terms, conditions and modifications as may be considered appropriate and determined by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall include any Committee thereof for the time being to which all or any of the powers hereby conferred on the Board by this resolution, may have been delegated) and subject also to such approvals, consents, permissions or sanctions (including any conditions thereof, or modifications to the terms contained therein), if any, of the appropriate authorities, as may be required and/or such terms and conditions, as may be prescribed while granting such consents and approvals and which may be agreed to by the Board, consent of the Company be and is hereby accorded to the Board to offer, issue and allot/reallot for cash on a preferential basis upto 44,19,800 forfeited Equity Shares at a rate of not less than Rs.17.42 per share, being the price as calculated pursuant to the provisions of regulation 76 of SEBI (ICDR) Regulations 2009, to the following persons/ entities belonging to the promoter and non-promoter Group of the Company/others, including friends, associates, employees or any person from the Public as the Board may deem fit and on such terms and conditions as may be deemed appropriate by the Board."

"RESOLVED FURTHER THAT the Relevant Date, for the purpose of determining the issue price under the SEBI (ICDR) Regulations, 2009 for the above-mentioned Reissue of forfeited shares on preferential basis shall be 07-09-2010."

"RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board be and is hereby authorized to do all such acts, deeds, matters and things, as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt, that may arise in regard to the offer, issue, allotment and utilization of the proceeds of the issue of the Equity Shares and further to do all such acts, deeds, matters and things to finalize and execute all documents and writings as may be necessary, desirable or expedient as it may deem fit."

"RESOLVED FURTHER THAT the Board is hereby authorized to accept such amendments, modifications, variations and alterations as the Government of India, SEBI, Reserve Bank of India, Financial Institutions, or Stock Exchanges may stipulate in that behalf."



"RESOLVED FURTHER THAT the shares to be so issued shall rank pari passu in all respects with all the existing Equity Shares of the Company."

"RESOLVED FURTHER THAT the Board be and is hereby authorised to take necessary steps for listing of the said Equity Shares on the Stock Exchanges, where the Company's shares are listed, as per the terms and conditions of the Listing Agreement with the Stock Exchanges concerned, and in accordance with such other guidelines, rules and regulations as may be applicable with regard to such listing."

By order of the Board

Place : New Delhi
Date : 25th August, 2010

(S.P. Maken)
Director & Company Secretary

NOTES :-

1. A member entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy, in order to be effective, must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for the meeting.
2. The Register of Members and the Share Transfer Books shall remain closed from 26-9-2010 to 8-10-2010 (both days inclusive).
3. Members seeking information about the accounts are requested to write atleast 10 days before the date of the meeting so that it may be convenient to keep the information ready at the meeting.
4. Members are requested to bring their copy of Annual Report at the Meeting.
5. Members are requested to notify immediately any change in their addresses quoting their folio numbers.

ANNEXURE TO THE NOTICE

Explanatory statement pursuant to Section 173(2) of the Companies Act 1956.

Item No. 5

Mr. S.P. Maken is a Law Graduate and a Company Secretary. He has an overall experience of about 37 years, including in the United Breweries Group, DCM Group and Modi Group at Senior positions. He is working in Nova Group for the last over 16 years.

He is currently working as a Whole Time Director and Company Secretary and his job profile includes work relating to Legal, Secretarial, Financial & general Commercial matters. He is quite suitable to the job.

The remuneration proposed is as per industry norms, compared to the size of the company, profile of the position, his own professional background and as approved by the Remuneration Committee of Directors in its meeting held on 14th June, 2010.

He has no pecuniary relationship with the Management personnel. He is not a Director in any other Company.

None of the Directors, except Mr. S.P. Maken himself is interested in this Resolution.

Item No.6

As the members are aware, your Company issued and allotted 5,27,00,000 Equity Shares of Rs.10/- each for cash at par, pursuant to the public issue of shares in the year 1994. As per the terms of issue, a sum of Rs.2.50 per equity share was payable as application money and balance amount was payable on the said shares as Allotment money, the last date for which was 15-06-1994 and failing which interest @ 18% was payable. However, in spite of repeated reminders some of the allottees failed to pay the allotment money together with interest thereon and accordingly, the Board of Directors, in its meeting held on 30-03-2010 and 05-06-2010 forfeited 44,19,800 Equity Shares for non-payment of allotment money.

The Board of Directors had, in its meeting held on 25-08-2010 decided to reissue the said forfeited shares to promoters and non-promoters category on preferential basis, subject to the approval of the members of the Company.

As per clause 23(a) of the Listing Agreement with the stock exchanges, re-issue of the shares in the manner as stipulated above, requires the approval of shareholders in their general meeting. Further, the forfeited shares to be reissued are proposed to be issued at a price of not less than Rs.17.42 per share, as calculated as per the requirements of Regulation 76 of SEBI (ICDR) Regulations 2009.

The shares so reissued shall be subject to lock in as prescribed in Regulation 78 of Regulations.

Your Directors, therefore, recommend the resolution as set out at item no. 6 of the notice for your approval.

Your Directors are interested in the said resolution only to the extent of shares allotted to them or to constituents of Promoter group, including their relatives.



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NOVA IRON & STEEL LIMITED

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Eighteenth Annual Report together with Audited Accounts for the Year ended 30th June, 2010 (15 months).

FINANCIAL RESULTS

	(2009-2010) (15 months) (Rs. in Lakhs)	(2008-2009) (12 months) (Rs. in Lakhs)
Total Income	15873.03	25117.28
Gross Profit / (Loss) before interest and depreciation	(485.74)	1626.27
Profit / (Loss) before depreciation	(516.31)	1586.76
Depreciation	385.01	278.50
Provision for Fringe Benefits Tax / Wealth Tax	--	3.43
Deferred Tax	(9.41)	(71.35)
Net Profit / (Loss) Transferred to Balance Sheet	(891.91)	1376.18

OPERATIONS & FUTURE OUTLOOK

Despite the period under review being of 15 months as compared to the previous period of 12 months, the Turnover for this year being 158.73 cr. is less by 36.80% than the last year. The reason for this is that the plant continues to be closed since 9-3-2010. From 09-03-2010 to 14-05-2010 the plant remained closed for the non-availability of iron ore and after that the production has not been resumed because of poor selling price of the Sponge Iron in the market. The selling price of sponge iron being not attractive in the current scenario, the operations of the plant continue to be suspended.

The real solution for the viability of operations, therefore, lies in the captive iron ore mine, in order to be sure of the continuous supply of iron ore at the right price, apart from installation of power plant utilizing waste heat of kiln; expansion of production capacity; installation of furnace etc. However, till the time the continuous supply of iron ore is ensured the above said new projects shall have to wait. Full efforts in this direction are being made.

DIVIDEND

Your Directors express their inability to recommend dividend for the period under review.

DIRECTORS

In accordance with the provisions of Articles of Association of the Company, Sh. R. K. Gambhir and Sh. V. K. Sakhuja, Directors retire by rotation and offer themselves for re-appointment.

AUDITORS

The Company's Auditors M/s Antima & Goel, Chartered Accountants will retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment. Your Directors recommend their appointment as Statutory Auditors for another year.

AUDITORS' REPORT ON THE ACCOUNTS

Auditor's Report to the Accounts has been considered by the Board and clarified, wherever necessary, in the Schedule "NOTES ON ACCOUNTS".

PUBLIC DEPOSITS

The Company has not invited or accepted any deposits from public within the meaning of Section 58A of the Companies Act, 1956.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance and a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance in terms of Clause 49 of Listing Agreement is appended as Annexure -I to this report.

DIRECTORS' RESPONSIBILITY STATEMENT PURSUANT TO SECTION 217(2AA) OF THE COMPANIES ACT, 1956

As stipulated in Section 217(2AA) of Companies Act, 1956, your Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures ;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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 30th June, 2010 and of the profit and loss of the Company for the period ended on that date ;
- the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.

PARTICULARS RELATING TO EMPLOYEES

During the year the Company had no employees to whom the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended from time to time, were applicable.

PARTICULARS RELATING TO TECHNOLOGY ABSORPTION, CONSERVATION OF ENERGY & FOREIGN EXCHANGE EARNINGS AND OUTGO.

Statement giving information regarding conservation of energy, technology absorption etc. required under Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure Particulars in the Report of the Board of Directors) Rules, 1988, is appended as Annexure-II and forms part of this Report.

INDUSTRIAL RELATIONS

Relations between the Management and its Employees/Workmen have been cordial and the Directors wish to express their appreciation for the co-operation and dedication of the Employees/Workmen at all levels of the Company.

COMPLIANCE CERTIFICATE FROM THE AUDITORS IN TERMS OF CLAUSE 49 OF THE LISTING AGREEMENT.

A certificate from the Auditors of the Company regarding compliance of conditions of Corporate Governance in terms of Clause 49 of the Listing Agreement is appended as Annexure III to this report.

ACKNOWLEDGEMENTS

Your Directors convey their sincere thanks to the Bankers, various departments in Central and State Governments and all others associated with the Company for their co-operation, continued support and confidence reposed by them in the Company.

For and on behalf of the Board

Place : New Delhi
Date : 25th August, 2010

R.K.GAMBHIR
(Chairman)



ANNEXURE - II TO DIRECTORS' REPORT

STATEMENT PURSUANT TO SECTION 217(1)(e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES 1988.

(A) CONSERVATION OF ENERGY:

i) Energy conservation measures taken:

- Provision of spare Inverter fan for I.D. Fan.
- Inverter for I.D. Fan is being commissioned alongwith new ESP.
- ESP Inlet and Outlet ducts were being replaced alongwith new ESP.

ii) Additional investment & proposal being implemented for reduction of consumption of energy:

- Provision of spare Inverter for ID Fan Rs.6.00 Lakh

iii) Impact of above measures:

With the implementation of above measures, savings in electrical energy has been achieved as given below:

Inverter for I.D. Fan and repair of Gas Ducting/ESP	360000 Kwh/annum
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TECHNOLOGY ABSORPTION:

Efforts made in technology absorption as per Form-B Annexed.

ACTIVITIES RELATING TO EXPORTS, INITIATIVES TAKEN TO INCREASE EXPORTS, DEVELOPMENTS OF NEW EXPORT MARKETS FOR PRODUCTS AND SERVICES AND EXPORT PLANS.

Cost of key inputs to manufacture Sponge Iron, like Iron Ore, Coal, Power and transportation etc., have increased substantially. Indian Coal based sponge Iron Industry continues to be a disadvantageous position compared to its overseas counterparts. However, company is making efforts to counter the difficulties and explore the export markets.

TOTAL FOREIGN EXCHANGE USED & EARNED (2009-10)

• Earned	:	Nil
• CIF Value of Import of Stores & Spares	:	1467493
• Other Expenses	:	Nil
• Interest on Loans	:	Nil

FORM B : RESEARCH AND DEVELOPMENT (R&D)

1. SPECIFICATION AREA IN WHICH R & D CARRIED OUT BY THE COMPANY:

- Implementation of condition monitoring and predictive maintenance practices.
- Use of Iron Ore in the size of 4-18 mm instead of 5-18mm.

- utilization of ESP Dust for domestic fuel and Dolo Char for power generation.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R & D.

- With good use of condition monitoring techniques, use of lubricants and replacement of spares have been optimized.
- With use of iron ore 4-18mm, the quantity of waste iron ore fines has been reduced by 2-3 percent.
- Market for sale of ESP dust for domestic fuel and Dolo Char particularly for power generation has been developed.

3. FUTURE PLAN OF ACTION:

- Installation of Waste heat Recovery Boilers for Power generation.

4. EXPENDITURE ON R & D:

- Since in-house expertise, available equipments and instruments were used, separate identification/allocation of expenditure towards R&D is not feasible.

TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION:

- Lurgi's technology based on SL/RN Process has been fully absorbed and Process/operations parameters have been optimized.



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NOVA IRON & STEEL LIMITED

CERTIFICATE

ANNEXURE - III

**To The Members of
Nova Iron & Steel Ltd.**

We have examined the compliance of conditions of Corporate Governance by Nova Iron & Steel Ltd. ('the Company') for the year ended on 30th June, 2010, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The Company has complied the same materially.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. 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, the Company has complied in material respects with the conditions of Corporate Governance, except as reported in the Corporate Governance report, as stipulated in the Listing Agreement.

We have been explained that no investor grievances remained un-attended for a period exceeding one month, as at 30th June, 2010 against the Company as per the records maintained by the Company.

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 ANTIMA & GOEL
Chartered Accountants
Firm Regn. No. 009062N**

Place : New Delhi
Date : 25th August, 2010

**(R.B.Goel)
Partner
Membership No. 086862**

**ANNEXURE-I TO DIRECTORS' REPORT
REPORT ON CORPORATE GOVERNANCE**

Pursuant to SEBI Circular No. SMDRP/Policy/CIR-10/2000 dated February 21, 2000, Corporate Governance norms have been enshrined in Clause 49 of the Listing Agreement with the Stock Exchanges.

The Company is fully committed to good Corporate Governance practices. Your Directors endeavour to adhere to the Standards set out by the Securities And Exchange Board of India (SEBI). Your Company is, therefore, complying in all material respects the mandatory requirements as explained hereunder :-

BOARD OF DIRECTORS

- a) The Board consists of Seven directors. More than 50% (over 2/3rd in our case) are non-executive Directors, and more than one third of the board comprises of independent directors.

- b) **Attendance Record of Directors in the Board Meetings held during the period under review -**

Date of Board Meeting	R.K.Gambhir	N.Awatar	V.K.Sakhuja	S.P.Maken	M.Ramachandran	A. Rajasekaran	Bhaskar Thatikonda
30.04.2009	✓	✓	✓	✓	X	X	X
31.07.2009	✓	✓	✓	✓	X	X	X
20.08.2009	✓	✓	✓	✓	X	X	✓
25.09.2009	X	✓	X	✓	X	X	X
31.10.2009	✓	✓	✓	✓	X	X	X
30.01.2010	✓	✓	✓	✓	X	X	X
30.03.2010	✓	✓	✓	✓	X	X	X
30.04.2010	✓	✓	✓	✓	X	X	X
05.06.2010	✓	✓	✓	✓	X	X	X
28.06.2010	✓	✓	✓	✓	X	X	X

- c) **NUMBER OF DIRECTORSHIPS/NUMBER OF BOARD COMMITTEE MEMBERSHIPS HELD IN OTHER PUBLIC LIMITED COMPANIES.**

Name of the Director	No. of Directorships held in other Public Ltd. Companies	Number of Board Committee Memberships held in other Companies
Sh. R.K.Gambhir	-	-
Sh. Narsingh Awatar	1	-
Sh. V.K.Sakhuja	-	-
Sh. M.Ramachandran	-	-
Sh. A. Rajasekaran	-	-
Sh. S.P.Maken	-	-
Sh. Bhaskar Thatikonda	-	-

- d) The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the period under review.

- e) Sh. R.K. Gambhir and Sh. V.K. Sakhuja are retiring by rotation and have offered themselves for re-appointment.

Sh. R.K. Gambhir is a promoter Director and is one of the first Directors of the Company. He is graduate with about 31 years of experience in Steel and Electronics industry.

Sh. V.K. Sakhuja is an Ex-Banker. He has a rich experience of working of industrial companies including steel industry.

- f) Details of remuneration paid to the Directors during the Period under review :

(i) Executive Directors

S.No.	Name of the Director	Salary(Rs.)	Perquisites and Allowances(Rs.)	Period
1.	Mr. S.P. Maken	4,50,000	3,94,500	01/04/2009 to 30/06/2010
2.	Mr. Bhaskar Thatikonda	4,50,000	1,42,500	01/04/2009 to 30/06/2010

(ii) Non-Executive Directors

S.No.	Name	Sitting Fee(Rs.)
1.	Mr. N. Awatar	17,000/- @ Rs. 1000/- per meeting of the Board or Committee except Share Transfer Committee Meetings.
2.	Mr. V.K. Sukhuja	16,000/- @ Rs. 1000/- per meeting of the Board or Committee except Share Transfer committee Meetings.



- g) The term of appointment of Mr. S.P. Maken as Whole Time Director expired on 20-06-2010. The Board of Directors in its Meeting held on 31-07-2010 has re-appointed him for a further period of 3 years w.e.f. 21-06-2010 at the remuneration approved by the remuneration committee in its meeting held on 14th June, 2010.

The terms of appointment of the Whole-time Directors are as per Shareholders' Resolutions. There are no separate contracts entered into with them.

There is no Stock option Scheme offered to them.

BOARD PROCEDURE

During the year under review 10 meetings of the Board were held. The intervening period between two Board Meetings was well within the maximum prescribed gap of three months.

Last Annual General Meeting was held on 25.09.2009 which was attended by Mr. N.Awatar and Mr. S.P.Maken, Directors.

CODE OF CONDUCT

The Board had approved a 'Code of Conduct' binding on all Board Members and Senior Management Personnel in its meeting held on 28th April, 2006. The same was circulated to all concerned for compliance.

CFO CERTIFICATION

The CFO of the Company has duly submitted the required certification to the Board alongwith the Annual Accounts as per the provisions of clause 49 of Listing agreement.

AUDIT COMMITTEE

An Audit Committee consisting of 3 members, all being non-executive directors, has been constituted. Two of the 3 members are independent directors and the Chairman of the Committee is also independent director and he is a very senior practising Chartered Accountant.

The Company Secretary is the Secretary of the Audit Committee.

The following are the members of the Audit Committee.

1. Sh. N.Awatar (Chairman)
2. Sh. V.K.Sakhuja
3. Sh. R.K.Gambhir

The Sr. General Manager (Accounts) who is the head of the Accounts functions is invited to all the meetings of the Audit Committee.

A representative of the Statutory Auditors is a permanent invitee to the Audit Committee Meetings.

The following are the terms of reference of the Committee –

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. **Approval of payment to statutory auditors for any other services rendered by the statutory auditors.**
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. **Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956**
 - b. Changes, if any, in accounting policies and practices and reasons for the same



- c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
 6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
 7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
 8. Discussion with internal auditors any significant findings and follow up there on.
 9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
 10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
 11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
 12. **To review the functioning of the Whistle Blower mechanism, in case the same is existing.**
 13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has had six Meetings during the year.

Attendance of Directors in the Audit Committee Meetings -

Date of Meeting	N. Awatar	V.K.Sakhuja	R.K. Gambhir
23.04.2009	✓	✓	✓
22.07.2009	✓	✓	✓
12.08.2009	✓	✓	✓
22.10.2009	✓	✓	✓
22.01.2010	✓	✓	✓
22.04.2010	✓	✓	✓

REMUNERATION COMMITTEE

Remuneration Committee consisting the following directors has been constituted –

1. Sh.N. Awatar - Chairman
2. Sh. R.K.Gambhir
3. Sh. V.K.Sakhuja

The Committee had one meeting during the year and was attended by all the three members.

SHAREHOLDERS' GRIEVANCES COMMITTEE

Shareholders' Grievances Committee consisting the following directors has been constituted to look into the complaints of the Shareholders-

1. Sh. R.K.Gambhir - Chairman
2. Sh.N. Awatar
3. Sh. S.P.Maken

The Committee had 5 meetings during the year and were attended by all the three members.



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SHARE TRANSFER COMMITTEE

Share Transfer Committee consisting the following directors has been constituted.

1. Sh. R.K. Gambhir
2. Sh. N. Awatar
3. Sh. S. P. Maken

The Share Transfer Committee meetings are being held every fortnight.

GENERAL SHAREHOLDER INFORMATION

Sh.S.P. Maken, Director-cum-Company Secretary is designated as the Compliance Officer.

Since the last AGM, 195 Nos. complaints were received from various Shareholders and all of them have been replied/resolved satisfactorily. As on date there are no pending requests for Share Transfer.

Since 26.12.2000 when the Company was covered in the compulsory demat list 31708 Nos. demat requests, involving 3276 Folios in respect of 31848800 Shares have been processed so far which is 21.15% of the total shares. The Company has been allotted ISIN No. INE 608-C 01018 by NSDL/CDSL.

M/s Abhipra Capital Ltd., F-7/4, Ground Floor, Sector -16, Rohini, Delhi – 110085 are the Registrar for electronic connectivity and Share Transfer Agents in terms of SEBI Circular No. D&CC/FITT/CIR-15/2002 dated 27-12-2002.

All correspondence by the Shareholders may be sent at the following address :-

M/s Abhipra Capital Limited
(UNIT NISL)
F-7/4, Ground Floor
Sector-16, Rohini
Delhi-110085

Regd. Office of the Company

Nova Iron & Steel Ltd.
Village-Dagori
Tehsil-Belha,
Distt. Bilaspur- (Chattisgarh)

COMPLIANCE OFFICER AND CONTACT ADDRESS:

Mr. S.P. Maken,
Director & Company Secretary
Nova Iron & Steel Ltd.
506 - Modl Tower,
98, Nehru Place,
New Delhi – 110019.
Tel: 26282361-64
E-mail: novairon_2008@rediffmail.com

The shares of the Company are listed with the Stock Exchanges at Ahmedabad, Bombay, Calcutta, Delhi, Madras and with the National Stock Exchange. Annual Listing Fee for the Financial year 2009-2010 has not been paid to them due to paucity of funds, except to the Bombay Stock Exchange.

Market Price Data at BSE

The trading of the shares resumed at the Bombay Stock Exchange from 7th May, 2010. The monthly closing price data at BSE for the months of May, June & July, 2010 is as under-

Month	High (Rs. Per share)	Low (Rs. Per share)	Volume (No. of share)
May	17.83	8.22	22,76,061
June	13.69	10.24	35,36,857
July	17.17	11.31	33,69,633

Next Annual General Meeting is being held on Friday, the 8th October, 2010 at 12.30P.M. at the Registered Office of the Company. In this connection the Share Transfer Books and Register of Members shall remain closed from 26.09.2010 to 08.10.2010 (both days inclusive).



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NOVA IRON & STEEL LIMITED

Distribution of Shareholding as on 30th June, 2010

Range	No. of Share Holders	No. of Shares	%
1 - 500	175482	26682121	17.72
501 - 1000	4087	3424845	2.27
1001 - 2000	1385	2145330	1.42
2001 - 3000	424	1088883	0.72
3001 - 4000	173	626817	0.42
4001 - 5000	202	968199	0.64
5001 - 10000	212	1611697	1.07
10001 and above	191	114032308	70.73
Total	182156	150580200	100.00

Shareholding pattern as on 30th June, 2010.

Category	No. of Shares held	%
Promoters & Associates	8,76,70,000	58.22
Financial Institution(s)	49,08,003	3.26
Mutual Funds	90,44,100	6.00
NRIs	11,88,761	0.79
Private Corporate Bodies	96,89,910	6.44
General Public	3,80,79,426	25.29
Total	15,05,80,200	100.00

DISCLOSURES

a) Related party transactions

The Company has not entered into any transaction of material nature with Promoters, Directors or their relatives etc. which may have potential conflict with the interests of the Company at large.

b) Compliances by the Company

The Company has complied with the material requirements of the Stock Exchanges, SEBI and other Statutory Authorities on matters related to capital market during the last 3 years. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authorities relating to the above.

Non-mandatory requirements have not been adopted for compliance.

Delegation of Authority to the Registrar & Share Transfer Agents.

The Board has delegated to M/s Abhipra Capital Ltd., the Registrar for electronic connectivity and Share Transfer Agents of the Company, the authority to attend to Share Transfer formalities atleast once in a fortnight, to be approved/ratified by the Share Transfer Committee. This facilitates expeditious processing of Share Transfers in the interest of Shareholders.

GENERAL BODY MEETINGS

The last three AGMs were held at the Registered Office of the Company as under-

Meeting	Date	Time
17th AGM	25-09-2009	12-30 P.M.
16th AGM	23-09-2008	12-30 P.M.
15th AGM	29-09-2007	12-30 P.M.



MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Sponge Iron is Iron Ore reduced directly in solid state using Coal gas, natural gas or Coal reductants and is also known as Directly Reduced Iron (DRI). Basically, Sponge Iron is a substitute for steel scrap and therefore the price of Sponge Iron varies from time to time in view of the availability of the Steel scrap in the country.

NISL's project is one of the initial coal-based Sponge Iron Projects in India with the Technical know how from Lurgi Chemie Metallurgie Industriebau GmbH, Germany. Major equipment-Imported and indigenous has been as per LURGI's proprietary design. The technology being new at that time the cost of project was high. In today's scenario, the cost of project of similar capacity would be much lower.

Because the project involved huge amount of capital arranged at very high rates of interest, the elements of interest and depreciation were very high. This, coupled with the fact of continuous increase in the price of the raw materials is increasing the total cost of production, resulting into continuous losses.

On the other hand in the recent years smaller Sponge Iron plants, developed indigenously, involving very less capital have been set up right near the iron ore mines. These smaller plants are giving tough competition in the market on the price front. At the same time it has started affecting the supply and price of Iron Ore. During the last about 3/4 years the price of Iron Ore has increased many fold. Besides, since 1-1-2008 as per the new Coal Distribution Policy of the Govt., only 75% of the coal linkage through Fuel Supply Agreement at notified price is available. The balance 25% requirement of coal has to be sourced through e-auction, rates for which are quite exorbitant and thus increasing the cost of production. This has further shaken the business economics and profitability.

At present the availability of right quality of iron ore at the right price is a big problem. The cost of iron ore is prohibitive as a result of which the selling price of sponge iron is not lucrative. In the current scenario, for a sponge iron plant, it is very difficult to make profit without having own captive iron ore mines. The Company is putting in its best efforts to acquire an iron ore mine to ensure the smooth and profitable operations of the Company.

In view of the above, at the moment the outlook and future of Sponge Iron Industry does not appear to be encouraging. Manufacturing Sponge Iron and selling it as such does not seem to be too lucrative. The operations can be made profitable only by first having own captive mines and then installation of power plant utilizing waste heat of the Kiln; expansion of production capacity; installation of furnace and manufacturing items of steel.



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NOVA IRON & STEEL LIMITED

AUDITOR'S REPORT

TO
THE MEMBERS OF
NOVA IRON & STEEL LTD.

We have audited the attached Balance Sheet of NOVA IRON & STEEL LIMITED as at 30th June, 2010, the Profit & Loss account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, as amended, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - 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 the books.
 - c) The Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the attached Balance Sheet, Profit & Loss account and the cash flow statement generally comply with the Accounting Standards, except otherwise wherever indicated, referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - e) According to the information and explanation given to us and on the basis of written representation received from the Directors, taken on record by the Board of Directors, no director is disqualified as on 30.06.2010 from being appointed as a director in this Company.
 - f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and Notes thereon in

Schedule 19, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India.

- i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 30th June, 2010 and:
- ii) In the case of the Profit and Loss Account, of the loss for the period ended on that date.
- iii) In the case of Cash Flow Statement, of the cash flow for the period ended on that date.

For ANTIMA & GOEL
Chartered Accountants
Firm Regn. No. 009062N

(R.B. GOEL)
Partner

Membership No. 086862

Place : New Delhi
Date : 25th August, 2010

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF NOVA IRON & STEEL LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 30TH JUNE, 2010

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. As informed to us, the management has carried out a physical verification of most of its fixed assets during the period. In our opinion, the frequency of verification is reasonable having regard to the size of the Company and the nature of its fixed assets and there have been no material discrepancies. In our opinion, the fixed assets disposed off during the period were not substantial.
2. The management has conducted physical verification of inventory at reasonable intervals. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business. The company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.
3. As informed to us, the company has not granted any loans secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
4. As informed to us, the company has not taken any loans secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956.
5. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and rendering of services. During



the course of our audit, no major material weakness has been noticed in the internal controls.

repayment of both principal and interest to any financial institutions or banks or debenture holders during the period.

6. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions exceeding the value of Rupees five lacs in respect of any party in the financial year, that need to be entered in register maintained under section 301 of the Companies Act, 1956. Accordingly this clause is not applicable for the current period.

13. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

7. The Company has not accepted any deposits from public. No order was passed by Company Law Board or NCLT, RBI or any court or Tribunal.

14. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/mutual benefit fund/societies.

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

15. The company is not chit fund or a nidhi/mutual benefit fund/society.

9. According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.

16. The Company has not dealt or traded in shares, securities, debentures and other investments.

17. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its subsidiaries and associates from banks or financial institutions during the current year.

10. According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Entry Tax and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of Sales Tax, Custom Duty, Excise Duty, were outstanding, at the year end for a period of more than six months from the date they became payable except Entry Tax & Sales Tax amounting to Rs. 3,03,46,327/- & Rs.4,44,787/- respectively (excluding interest payable there upon, if any). According to the records of the Company, there are no dues outstanding of Wealth Tax, Custom Duty, Cess etc. on account of any dispute, except Sales Tax, Income Tax and Excise Duty, as per details given below.

18. Based on information and explanations given to us by the management, no term loans were obtained during the current year.

19. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.

Nature of statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Modvat Credit disallowed	Rs. 72.62 Lacs plus Penalty	A.Y.2004-05	Appeal filed with Custom Excise & Service Tax Appellate Tribunal New Delhi
Income Tax	Demand	Rs. 18.70 Lacs	A.Y. 1994-95	Appeal pending before ITAT
Sales Tax	Demand	Rs. 2.23 Lacs	A.Y.2004-05	Commissioner of Commercial Tax.
Excise Duty	Demand	Rs. 2.90 Lacs	A.Y.2007-08	Commissioner Central Excise.

20. The Company has made preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956, and in our opinion the same are not prejudicial to the interest of the Company. The Company has not issued any debentures.

21. The Company has not issued any secured Debentures during the period and there is no outstanding Debenture as on the Balance Sheet date for which security need to be created.

22. The Company has not raised any money through a public issue during the period. The last Public issue by the Company was made in 1994 and as informed to us, the Company had then disclosed the end use of the money raised in the public issue.

23. Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For ANTIMA & GOEL
Chartered Accountants
Firm Regn. No. 009062N

(R.B. GOEL)
Partner
Membership No. 086862

11. The company has accumulated losses at the end of the period of audit that exceeds 50% of the Net worth of the Company and it has incurred Cash Loss during the current period but has earned cash profit in the immediately preceding financial year.

12. According to the information and explanations given to us and to the best of our knowledge the Company has not defaulted in

Place : New Delhi
Date : 25th August, 2010



NOVA R.G.
GROUP

NOVA IRON & STEEL LIMITED

BALANCE SHEET AS AT 30TH JUNE, 2010

	SCHEDULE	AS AT 30TH JUNE, 2010		AS AT 31ST MARCH, 2009	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Share Capital	1	1519605500.00		945932185.40	
Share Application Money (Pending Allotment)		0.00		573000000.00	
Reserves & Surplus	2	115173000.00	1634778500.00	0.00	1518932185.40
Loan Funds					
Secured Loans	3	0.00		0.00	
Unsecured Loans	4	4575517.20	4575517.20	2585156.00	2585156.00
			1639354017.20		1521517341.40
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	2220514159.42		2180865907.25	
Less : Depreciation		1999189730.67		1962442670.15	
Net Block		221324428.75		218423237.10	
Capital Work in Progress		1081978.00		35871089.00	
			222406406.75		254294326.10
Deferred Tax Assets			8075838.21		7135093.37
Investments					
Current Assets, Loans and Advances					
Inventories	6	85981073.68		104198492.93	
Sundry Debtors	7	31821446.55		94598751.58	
Cash & Bank Balances	8	157347874.61		18547523.46	
Loans & Advances	9	31678643.16		135414801.41	
		306829038.00		352759569.38	
Less : Current Liabilities & Provision					
Current Liabilities	10	109085331.61		216409969.25	
Provision	11	13381138.00		12026805.00	
		122466469.61		228436774.25	
Net Current Assets			184362568.39		124322795.13
Miscellaneous Expenditure (To the extent not written off or adjusted)	12		2770625.00		3217500.00
Profit & Loss Account			1221738578.85		1132547626.80
			1639354017.20		1521517341.40
Notes to the accounts	19				
Per our report of even date					

For & on behalf of the Board

For Antima & Goel
Chartered Accountants
Firm Regn. No. 009062N

R.K.Gambhir
Chairman

N. Awatar
Director

R.B. Goel
Partner
Membership No. 086862

S.P.Maken
Director and Company Secretary

Place : New Delhi
Date : 25th August, 2010

Bhanu Parkash
Sr. G.M.(Accounts)



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NOVA IRON & STEEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST APRIL 2009 TO 30TH JUNE, 2010

	SCHEDULE	CURRENT PERIOD (15 MONTHS) Rs.	PREVIOUS PERIOD (12 MONTHS) Rs.
INCOME			
Sales	13	1584811740.00	2510227952.00
Other Income	14	2491741.62	1499640.74
Increase/(Decrease) in Stock	15	(25201491.00)	1844375.00
		<u>1562101990.62</u>	<u>2513571967.74</u>
EXPENDITURE			
Manufacturing and Other Expenses	16	1610229032.96	2350587248.59
Interest and Financial Charges	17	3056737.42	3951686.69
Miscellaneous Expenditure Written Off	18	446875.00	357500.00
		<u>1613732645.38</u>	<u>2354896435.28</u>
Profit / (Loss) before depreciation		(51630654.76)	158675532.46
Depreciation		38501042.13	27850325.88
		<u>(90131696.89)</u>	<u>130825206.58</u>
Profit / (Loss) before tax			130825206.58
Fringe Benefit Tax			450000.00
Provision for FBT of earlier year written back		0.0	(59820.00)
			390180.00
Wealth Tax			10000.00
Provision for Wealth Tax of earlier years written back		0.00	(57383.00)
Deferred Tax		(940744.84)	(7135093.37)
		<u>(89190952.05)</u>	<u>137617502.95</u>
Net Profit/(Loss) After Tax			137617502.95
Profit / (Loss) brought forward		(1132547626.80)	(1270165129.75)
Profit / (Loss) carried over to Balance Sheet		<u>(1221738578.85)</u>	<u>(1132547626.80)</u>
Notes to the accounts	19		
Per our report of even date			

For & on behalf of the Board

R.K.Gambhir N. Awatar
Chairman Director

S.P.Maken
Director and Company Secretary

For Antima & Goel
Chartered Accountants
Firm Regn. No. 009062N

R.B. Goel
Partner
Membership No. 086862

Place : New Delhi
Date : 25th August, 2010

Shanu Parkash
Sr. G.M.(Accounts)



SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 30TH JUNE, 2010

	AS AT 30TH JUNE, 2010 RS.	AS AT 31ST MARCH, 2009 RS.
SCHEDULE - 1		
SHARE CAPITAL		
Authorised 16,00,00,000 (Previous year - 16,00,00,000) Equity Shares of Rs. 10/- each	<u>1600000000.00</u>	<u>1600000000.00</u>
Issued, subscribed & paid up 15,05,80,200 (Previous Year 9,77,00,000) Equity Shares of Rs. 10/- each Less : Calls unpaid by others	1505802000.00 ✓ 0.00	977000000.00 31067814.60
Add : 44,19,800 Forfeited equity shares of Rs. 10/- each	<u>13803500.00</u> ✓	0.00
	<u>1519605500.00</u>	<u>945932185.40</u>
Share Application Money (Pending Allotment)	0.00	573000000.00
 SCHEDULE - 2		
RESERVES & SURPLUS		
Securities premium account addition during the year	<u>115173000.00</u>	0.00
	<u>115173000.00</u>	<u>0.00</u>
 SCHEDULE - 3		
SECURED LOANS		
	<u>0.00</u>	<u>0.00</u>
	<u>0.00</u>	<u>0.00</u>
 SCHEDULE - 4		
UNSECURED LOANS		
Other loans & advances from others	<u>4575517.20</u>	<u>2585156.00</u>
	<u>4575517.20</u>	<u>2585156.00</u>

NOVA IRON & STEEL LIMITED

ULE - 5 ASSETS

(Figures in Rupees)

Item	Gross Block			Depreciation			Net Block		
	As at 31st March, 2009 Rs.	Additions/ (Deductions) Rs.	Upto 30th June, 2010 Rs.	Upto 31st Mar., 2009 Rs.	For the Period Rs.	Adjust- ments Rs.	Upto 30th June, 2010 Rs.	Upto 30th June, 2010 Rs.	As at 31st Mar., 2009 Rs.
Land	6700507.41		6700507.41	400628.00	92703.00		493531.00	6206976.41	6299679.41
Buildings	967729.60	0.00	967729.60	0.00	0.00		0.00	967729.60	967729.60
Machinery	422228851.01	0.00	422228851.01	277856745.50	12377954.76		290234700.26	131994150.75	144372105.51
Plant & Machinery	1686395849.11	40121038.00	1726516887.11	1643279638.84	21161413.26		1664441052.10	62075835.01	43116210.27
Plant Siding	21477461.00	0.00	21477461.00	4672836.36	2920303.07		7593139.43	13884321.57	16804624.64
Equipments	10989032.37	110170.00 (328729.83)	10770472.54	8431408.04	531462.67	(294707.93)	8668162.78	2102309.76	2557624.33
Tools & Fixtures	23254112.35	7500.00	23261612.35	21641022.04	356490.61		21997512.65	1264099.70	1613090.31
Others	8852364.40	1206109.00 (1467835.00)	8590638.40	6160191.37	1060714.76	(1459273.68)	5761632.45	2829005.95	2692173.03
	2180865907.25	41444817.00 (1796564.83)	2220514159.42	1962442670.15	38501042.13	(1753981.61)	1999189730.67	221324426.75	218423237.10
Work in progress (Including capital advances)								1081978.00	35871089.00
								222406406.75	254294326.10
Balance as at 31st March 2009	2171474503.76	11897177.10 (2505773.61)	2180865907.25	1934665410.88	27850325.88	(73066.61)	1962442670.15	218423237.10	236809092.88

244322/- has been paid in earlier year to IDBI (Stressed Assets Stabilization Fund (SASF)) being the consideration for the purchase of leasehold land. The registration of the said land in the name of the company is yet to be done.

**AS AT 30TH
JUNE, 2010
RS.**

**AS AT 31ST
MARCH, 2009
RS.**

EDULE - 6 INVENTORIES

Inventory taken, valued & certified by the management)

Raw materials	66272212.52	55746481.26
Work in progress	573750.00	9925875.00
Finished goods	2907039.00	20527792.00
Goods in transit	0.00	1992801.37
Stores & spares etc.	10706227.16	12255085.30
Scrap & waste	5521845.00	3750458.00
	<u>85981073.68</u>	<u>104198492.93</u>

EDULE - 7

FINANCIAL DEBTORS

(secured & Considered good)

Debtors outstanding for a period exceeding six months	4625371.00	29704314.58
Other Debtors	27196075.55	64894437.00
	<u>31821446.55</u>	<u>94598751.58</u>



NOVA R.G.
GROUP

NOVA IRON & STEEL LIMITED

	AS AT 30TH JUNE, 2010 RS.	AS AT 31ST MARCH, 2009 RS.
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash on hand	6351207.04	3390839.27
Balances With scheduled banks		
On Current accounts	137171167.57	889958.56
On Fixed deposits	<u>13825500.00</u>	<u>14266725.63</u>
	<u>157347874.61</u>	<u>18547523.46</u>
<p>Note : Fixed Deposits of Rs.13805500/- (Previous Year Rs. 14246725.63) are pledged with bank as 100% margin money against bank guarantees & Rs. 20000/- kept as security with the Sales Tax Department (Previous Year Rs. 20000/-</p>		
SCHEDULE - 9		
LOANS AND ADVANCES		
(Unsecured & Considered good)		
Advances recoverable in cash or in kind or for value to be received	22248559.90	123604882.03
Security Deposit with Government Departments & Others	6842437.26	6804041.26
Balance with Excise Authority	1649315.00	3192359.12
Tax deducted at source	766090.00	815413.00
Fringe Benefit tax	<u>172241.00</u>	<u>998106.00</u>
	<u>31678643.16</u>	<u>135414801.41</u>
SCHEDULE - 10		
CURRENT LIABILITIES		
Sundry creditors	40458698.00	66767288.43
Other liabilities	51847872.61	77887778.55
Advances from customers	<u>16778761.00</u>	<u>71754902.27</u>
	<u>109085331.61</u>	<u>216409969.25</u>
SCHEDULE - 11		
PROVISIONS		
For Wealth Tax	10000.00	10000.00
For Gratuity	10040101.00	8252805.00
For Earned Leave	3331037.00	2864000.00
For Fringe Benefit Tax	<u>0.00</u>	<u>900000.00</u>
	<u>13381138.00</u>	<u>12026805.00</u>
SCHEDULE - 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses	3217500.00	3575000.00
Less written off	446875.00	357500.00
	<u>2770625.00</u>	<u>3217500.00</u>
	<u>2770625.00</u>	<u>3217500.00</u>



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NOVA IRON & STEEL LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 1ST APRIL 2009 TO 30TH JUNE, 2010

	CURRENT PERIOD Rs.	PREVIOUS PERIOD Rs.
SCHEDULE - 13		
LES		
Change Iron	1521381389.00	2447718465.00
Others	63430351.00	55309487.00
Unadjusted goods - Iron Ore	0.00	7200000.00
	<u>1584811740.00</u>	<u>2510227952.00</u>
SCHEDULE - 14		
OTHER INCOME		
Interest	2105292.26	1432103.41
Miscellaneous	350532.58	67307.53
Profit on sale of Asset	35916.78	0.00
	<u>2491741.62</u>	<u>1499640.74</u>
SCHEDULE - 15		
INCREASE/(DECREASE) IN STOCK		
Opening Stock of:		
Finished goods	2907039.00	20527792.00
Work in progress	573750.00	9925875.00
Scrap & waste	5521845.00	3750458.00
	<u>9002634.00</u>	<u>34204125.00</u>
Closing Stock of:		
Finished goods	20527792.00	20843367.00
Work in progress	9925875.00	9987290.00
Scrap & waste	3750458.00	1529093.00
	<u>34204125.00</u>	<u>32359750.00</u>
	<u>(25201491.00)</u>	<u>1844375.00</u>
SCHEDULE - 16		
Manufacturing & Other Expenses		
Raw materials consumed	1225233671.36	1792226234.61
Purchase of Trade Goods	0.00	6875580.00
Stores, spares & consumables	2069987.75	2020937.78
Power, water & electricity	41307573.66	45760965.67
Material Handling Charges	25472580.00	20288683.00
Excise duty	118515844.00	286390356.00
Machinery repairs & maintenance	41015195.14	41806778.15
Director's Remuneration	1437000.00	2027580.66
Salaries & allowances	54466915.66	38367573.23
Contribution to Provident & Other funds	2469339.00	1694768.00
Staff & labour welfare	1390460.00	1007970.00
Rent	2314077.00	2259427.00
Rebate & Discount	48857.00	0.00
Rates, fees & taxes	15921744.00	18145289.00
Insurance	261160.00	343517.00
Travelling & conveyance	7299919.14	6422551.54
Printing & stationery	660788.00	716239.00
Postage & Telephone	3551824.93	3097158.58
Vehicle running & maintenance	508743.00	170446.00
Advertisement	315258.00	105018.00
Packing & forwarding	7752993.93	5488917.43
Legal, professional & consultancy	2700625.00	2351034.00
Auditors remuneration	283520.90	230565.00
Director's sitting fee	33000.00	20000.00
Commission on sales	17598919.00	29253827.00
Building repairs & maintenance	439886.00	2225804.00
Other repairs & maintenance	8020919.63	27258857.09
Freight & Cartage	1332650.00	1152161.00
Miscellaneous expenses	13088039.87	12823782.85
Amount Written off	14717540.99	0.00
Loss on Sale of Assets	0.00	55227.00
	<u>1610229032.96</u>	<u>2350587248.59</u>



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NOVA IRON & STEEL LIMITED

	CURRENT PERIOD Rs.	PREVIOUS PERIOD Rs.
SCHEDULE - 17		
Interest & Financial charges		
Interest on others	2824898.20	2750860.00
Bank charges & others	231839.22	1200826.69
	3056737.42	3951686.69

SCHEDULE - 18		
Miscellaneous Expenditure Written Off		
Preliminary Expenses	446875.00	357500.00
	446875.00	357500.00

SCHEDULE - 19

Accounting Policies & Notes to Accounts for the period of 15 months ending 30/06/2010.

Significant Accounting Policies

- (1) **Basis of Accounting**
Unless specifically stated elsewhere, the Company follows accrual basis of accounting and the accounting policies followed by it are consistent. The Accounting Standards referred under Section 211(3C) of the Companies Act, 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.
- (2) **Fixed Assets**
Fixed assets are stated at cost (Net of CENVAT) less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes & incidental expenses related to such acquisition or construction.
- (3) **Borrowing Costs**
Interest and other costs in connection with the borrowing of the funds to the extent, related/attribution to the acquisition/construction of qualifying Fixed Assets are capitalized upto the date when such assets are ready for its intended use. However the borrowing cost is not capitalised during the extended periods in which active development is interrupted/or there is considerable delay in commissioning of the respective Assets and is charged to Profit & Loss A/c.
No amount of borrowing cost has been capitalised during the current Accounting period.
- (4) **Depreciation**
Depreciation on the assets other than Plant & machinery is provided for at written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956. Plant & Machinery is being depreciated @ 25% per annum on written down method.
Freehold Land is not depreciated. Leasehold land is being written off over the lease period.
- (5) **Foreign Exchange Transactions**
Transaction in foreign currency are recognised at the rate(s) prevailing on the date of the transaction. Foreign Currency Monetary Assets and Liabilities are accounted for at the exchange rate(s) prevailing on the closing day of the accounting period and the losses or gains arising on realignment of foreign currency liabilities relating to the acquisition of fixed assets are adjusted to the cost of such assets and on such exchange fluctuation the depreciation is charged/ adjusted on the basis of full year's use.
- (6) **Inventory Valuation**
Raw materials are valued at cost (weighted average cost method) or net realisable value. Stores, spares & consumable tools are valued at cost under first in first out method.
Stock in progress is valued at material cost including appropriate direct & manufacturing overheads.
Finished goods are valued at cost or net realisable value whichever is lower. Cost represents production cost including appropriate overheads and excise duty but excluding commission on sales.
Inventories of scrap & waste are valued at estimated net realisable value.
- (7) **Sales**
Sale have been recognised at the point of despatch to the customers. These are inclusive of excise duty and net of discounts and rebates including rebates on account of quality claims as and when settled.



- (8) **Other Revenues**
Claims including insurance claims are accounted for on the acceptance and determination of the amounts recoverable by the concerned authorities.
- (9) **Employee Benefits**
Short- term employee benefits are recognised as an expenses at the undiscounted amount in the Profit & Loss amount of the year in which the relative services is rendered.
Provision for gratuity has been made in the books of Account, as per the provisions of Payment of Gratuity Act, 1972 on the assumption that all the employees are entitled to gratuity at the end of the accounting period. The Leave encashment is accounted for on accrual basis and charged to the Profit & Loss in the year in which employee has rendered services.
- (10) **Excise Duty**
Excise duty on finished goods lying at the works is accounted for at the year end & corresponding liability for Excise duty is also created in the accounts. This treatment is as per guidance Note on accounting treatment of Excise duty issued by Institute of Chartered Accountants of India. Excise Duty is debited to the Profit & Loss Account.
CENVAT credits are adjusted towards the cost of materials/assets.
- (11) **Miscellaneous Expenditure**
Preliminary, public issue and deferred revenue expenditure are being written off over a period of ten years.
- (12) **Provision for Taxation**
1. Provision for taxation, if any, is made in respect of the taxable income of the previous year as defined in the Income Tax Act,1961.
2. Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.
- (13) **Contingent Liabilities**
No provision is made for liabilities, which are considered by the management contingent in nature and the same are disclosed by way of notes to accounts.
- (14) **Earning Per Share**
The Earning per share has been calculated as per AS-20. The basic and diluted earning per share has also been calculated as per AS-20 issued by Institute of Chartered Accountants of India (ICAI).
- (15) **AS-22 "Accounting for Taxes on Income" issued by ICAI**
Deferred Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty support by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
At each balance sheet date, the company reassesses unrecognised deferred tax assets. It recognises unrealised deferred tax assets to the extent it has become reasonably or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realised.
- (16) **Segment reporting (AS-17)**
As the Company operates in only one line of activity thus segment wise figures are not given, as and when new segments are added/diversified, figures/details of such segment shall be given.
- (17) **Impairment of Assets**
Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use.



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NOVA IRON & STEEL LIMITED

Notes on Accounts

	As at 30th June, 2010 (Rs. in Lacs)	As at 31st March, 2009 (Rs. in Lacs)
1. Contingent liabilities not provided for :		
a) Claims not acknowledged as debts (*)	592.08	422.25
b) Income Tax demands under appeal	18.70	18.70
c) Excise & Service tax demand under dispute	75.52	75.53
d) Interest on Entry Tax	131.95	131.95
e) Sales Tax (2004-05) Demand under Dispute	2.23	2.23
Besides the above, the amount in respect of claims of Interest etc. claimed by the parties cannot be quantified.		
(*) The Company also, has its own claims/counter claims against these parties as per terms of their respective contracts. In effect the Management does not expect any major liability devolve upon the Company on account of these cases.		
2. As per information available, Sundry Creditors include a sum of Rs. 7.99 Lacs due to Small Scale Industrial Undertakings.		
The names of Small Scale Industrial Undertakings who have outstandings for more than thirty days are Rishi Gases Pvt.Ltd, Digital Weigh System Pvt.Ltd., Associated Mining Co., Alfa Controls, M.K.Diesels Ltd. & Spin Packaging Ltd. Necessary letters to all the suppliers have been issued by the Company seeking the declaration. The Company has not received any information from them of their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, relating to amounts unpaid, if any, to them as at the year end together with interest paid/payable as required under the said Act has not been made.		
3. In the opinion of the Management, the Current Assets, Loans and Advances etc., are of the approximate value stated, if realised in the ordinary course of business.		
4. Previous period's expenditure debited under the respective heads of accounts during the current period are Rs. 12,02,012/- (Previous period Rs. 20,31,018/-) and previous period income credited under respective heads amounts to Rs. 3,73,011/- (Previous period Rs. 1,17,937/-).		
5. Some of the balances of accounts with parties in respect of debtors, creditors and advances are subject to confirmation/reconciliation.		
6. The net worth of the Company is positive as on the date of Balance Sheet. Accordingly, accounts have been prepared on a going concern basis.		
7. Plant & Machinery, Factory Building and stocks of the Company are not insured, due to tight liquidity position.		
8. Auditor's remuneration :		
	Current Period (Rs.)	Previous period (Rs.)
Audit fee	2,18,750	1,75,000
Tax Audit fee	25,000	25,000
Other Matters	--	18,544
Out of pocket expenses	39,771	30,565
	<u>2,83,521</u>	<u>2,49,109</u>
9. Remuneration to Directors:		
Salary	9,00,000	11,39,258
Other benefits	5,37,000	8,88,322
	<u>14,37,000</u>	<u>20,27,580</u>
10. Related party disclosure as required by Accounting Standard-18 issued by the Institute of Chartered Accountants of India are as under :-		
A) List of related Parties with whom transactions have taken place and nature of relationship.		
(a) Key Management personnel		
1. Sh. R.K. Gambhir		
2. Sh. S.P. Maken		
3. Sh. T. Bhaskar		



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- (b) Relative of Key Management Personnel.
1. Mrs. Santosh Maken (Relative of a Director)
2. Sh. G.K. Gambhir (Relative of a Director)

B) Transaction with related party as identified by the management, in accordance with Accounting Standard-18 "Related Party Disclosures" is as follows.

Sl. No.	Name of the related party	Nature of Transactions	Amount (Rs.)	Relationship
1.	Sh. S.P.Maken	Payment of remuneration Reimbursement of expenses	450000 252000	Whole Time Director Whole Time Director
2.	Mrs.Santosh Maken	House rent	142500	Relative of a Director
3.	Sh. T. Bhaskar	Payment of remuneration Reimbursement of expenses	450000 142500	Whole Time Director
4.	Sh. G.K. Gambhir	Share application money received	17144295	Relative of a Director
5.	Sh. R.K. Gambhir	Share application money received	17144295	Chairman
6.	M/s Ambey Steel & Power (P) Ltd.	Share Application Money Received	80884410	Ambey has now been included in the category of promoters with the allotment of 4,02,41,000 Equity Shares on preferential basis on 28/06/2010.

11. Earning Per Share (EPS)

	Current Period (Rs. in Lacs)	Previous Period (Rs. in Lacs)
Net Profit / (Loss)	(-)891.91	1376.18
Net Profit / (Loss) before Extraordinary Items	(-)891.91	1376.18
Weighted average number of Equity Share outstanding during the year		
	Basic	97700000
	Diluted	153004742
Basic Earning Per Share before Extraordinary Items (Rs.)	(-)0.91	1.41
Basic Earning Per Share after Extraordinary Items (Rs.)	(-)0.91	1.41
Diluted Earning Per Share before Extraordinary Items (Rs.)	(-)0.58	0.90
Diluted Earning Per Share after Extraordinary Items (Rs.)	(-)0.58	0.90

12. Deferred Tax Assets (Net)

	Deferred Tax Asset/(Liability) as at 01/04/2009 Rs.	Current Year Charge/(credit) Rs.	Deferred Tax Asset/(Liability) as at 30/06/2010 Rs.
<u>Deferred Tax Assets</u>			
(i) Difference in depreciation in block of fixed assets as per Income Tax and Financial Books	3210206.55	1395018.13	4605224.68
(ii) Effect of expenditure debited to profit and loss account in the current year but allowable in following year under Income Tax Act	3161561.83	(-)1220521.08	1941040.75
(iii) Employee Retirement Benefit	763324.99	766247.79	1529572.78
(iv) Unabsorbed Depreciation/Carry forward Losses (Not considered as per Management Policy)	Nil	Nil	Nil
(v) Other Deferred Tax Assets/Liability	Nil	Nil	Nil
Deferred Tax Assets/Liability (Net)	7135093.37	940744.84	8075838.21



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13. Additional information pursuant to paras 3, 4C and 4D of Part II of the Schedule VI of the Companies Act, 1956 :

a) Particulars of Capacity & production:-

Item of Manufacture	Licensed Capacity	Installed Capacity (per annum)		Production	
		Current Period M.T.	Previous Period M.T.	Current Period M.T.	Previous Period M.T.
Sponge Iron	Not Applicable	1,50,000	1,50,000	1,08,195	1,29,489

b) Particulars in respect of sales and stock of finished goods:-

Item	Current Period		Previous Period	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
<u>Opening Stock</u>				
Sponge Iron	1405	20527792	1341	20843367
<u>Trade Purchases</u>				
Iron Ore	--	--	1800	6875580
<u>Turnover</u>				
Sponge Iron	109248	1521381389	129425	2447718465
Trade Goods-Iron Ore	--	--	1800	7200000
<u>Closing stock</u>				
Sponge Iron	352	2907039	1405	20527792
Trade Goods- Iron Ore	Nil	Nil	Nil	Nil

c) Raw materials consumed:-

Iron Ore	186301	836040563	245254	1298698176
Coal	161790	388579463	203373	492351438
Dolomite	1257	613645	2363	1176621

d) Consumption of imported & indigenous raw materials, machinery repairs and maintenance and its percentage to total consumption.

Raw Material	Current Period		Previous Period	
	Value	Percentage	Value	Percentage
Imported	--	--	--	--
Indigenous	1225233671	100%	1792226235	100%
Machinery Repairs & Maintenance				
Imported	1689751	4.12%	--	--
Indigenous	39325444	95.88%	41806778	100%

e) Other sale consists of sales of scrap & waste materials.

14. Expenditure incurred in foreign currency :

	Current Period (Rs.)	Previous Period (Rs.)
a) C.I.F. Value of Imports:		
- Stores & Spares	1467493	Nil
- Plant & Machinery	Nil	6645332
b) Expenditure in Foreign Currency		
- Bank Charges	Nil	7160
c) Income in Foreign Currency	Nil	Nil



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NOVA IRON & STEEL LIMITED

15. Previous year figures have been regrouped, or rearranged, wherever necessary to conform to current year's presentation.
16. The accounts have been prepared for a period of 15 months i.e. from 1st April, 2009 to 30th June, 2010 and previous period figures are of 12 months' period.
17. Schedule No.1 to 19 form an integral part of the accounts and has duly been authenticated.

Per our report of even date

For Antima & Goel
Chartered Accountants
Firm Reg. No. 009062N

R.B. Goel
Partner
Membership No. 086862

Place : New Delhi
Date : 25th August, 2010

For & on behalf of the Board

R.K.Gambhir
Chairman

N. Awatar
Director

S.P.Maken
Director and Company Secretary

Bhanu Parkash
Sr. G.M.(Accounts)



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NOVA IRON & STEEL LIMITED

CASHFLOW STATEMENT FOR THE PERIOD ENDED 30TH JUNE, 2010 (Pursuant to amendment to Clause 32 of the Listing Agreement)

	Current Period (Rs.)	Previous Period (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	(90131696.89)	130825206.58
Adjustments for:		
Depreciation	38501042.13	27850325.88
Interest (Net)	719605.94	1318756.59
Profit/(Loss) on sale of Fixed Assets	(35916.78)	55227.00
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	(50946965.60)	160049516.05
Adjustments for:		
(Increase)/Decrease in trade and other receivables	166513463.28	(20023717.19)
(Increase)/Decrease in inventories	18217419.25	24200668.36
Misc Expenditure not written off (Net)	446875.00	(3217500.00)
Increase/(Decrease) in trade payables	(105970304.64)	(93571027.63)
CASH GENERATED FROM OPERATIONS	28260487.29	67437939.59
Interest paid	(2824898.20)	(2750860.00)
Fringe Benefit Tax	--	(390180.00)
Provision of Wealth Tax of earlier year written back	--	47383.00
CASH FLOW BEFORE EXTRAORDINARY ITEMS	25435589.09	64344282.59
Extraordinary Items	--	--
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	25435589.09	64344282.59
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in fixed assets	(6655706.00)	(45794473.10)
Sale of fixed assets	78500.00	444000.00
Interest received	2105292.26	1432103.41
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(4471913.74)	(43918369.69)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	115846314.60	--
Proceeds from receipt of share application money	--	98396280.00
Proceeds from long-term and other borrowings	1990361.20	(121424238.00)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	117836675.80	(23027958.00)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	138800351.15	(2602045.10)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	18547523.46	21149568.56
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	157347874.61	18547523.46

NOTES:

1. Purchase of fixed assets include movements of Capital Work-in-progress.
2. Proceeds from long-term and other borrowings are shown net of repayments.
3. Cash and Cash equivalents represent cash and bank balances only.

For Antima & Goel
Chartered Accountants
Firm Reg. No. 009062N

R.B. Goel
Partner
Membership No. 086862

Place : New Delhi
Date : 25th August, 2010

For & on behalf of the Board

R.K.Gambhir
Chairman

N. Awatar
Director

S.P.Maken
Director and Company Secretary

Bhanu Parkash
Sr. G.M.(Accounts)

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE**
Information pursuant to Part IV of Schedule VI to the Companies Act, 1956:**i) Registration details:**

Registration No.	State Code	Balance sheet date
010-010052	10	30.06.2010

ii) Capital raised during the period (Amount Rs.)

Public Issue	Bonus Issue	Right Issue	Conversion of FCDs	Preferential Allotment
Nil	Nil	Nil	Nil	573000000

iii) Position of Mobilisation and Deployment of funds (Amount Rs.)

Total Liabilities	Total Assets
1639354017	1639354017

Sources of Funds:

Paid-up Capital	Reserves & Surplus
1519605500	115173000
Share Application Money	

Secured Loans	Unsecured Loans
---	4575517

Application of Funds:

Net Fixed Assets (including capital work in progress) (1081978)	Deferred Tax Assets (Net)
222406407	8075838
Net Current Assets	Investments
184362568	Nil
Accumulated Losses	Misc. Expenditure
1221738579	2770625

iv) Performance of Company (Amount Rs.)

Turnover including other income	Total Expenditure	Profit/(Loss) before Tax & Extraordinary Items	Profit/(Loss) after Tax & Extraordinary Items
1587303482	1677435179	(-)90131697	(-)89190952
Earning per share	Dividend rate		
Basic in Rs. (-)0.91	Nil		
Diluted in Rs. (-)0.58			

v) Generic names of three principal products of the Company (as per monetary terms)

i) Item code No. (ITC code)	Product description	Item code No.(ITC code)
72031000	Sponge Iron	Nil
Product description	Item code No.(ITC code)	Product description
Nil	Nil	Nil

ATTENDANCE SLIP

NOVA IRON & STEEL LIMITED

Plant & Regd. Office : Village-Dagori, Tehsil-Belha
Distt. Bilaspur (CHHATTISGARH) Pin-495 224

1. Full Name of Shareholder / Proxy :
2. Registered Folio No. : No. of Shares :
3. If Proxy, Full Name of Shareholder :

I hereby record my presence at the 18th Annual General Meeting of the Company held at Village - Dagori, Tehsil - Belha Distt. Bilaspur (CHHATTISGARH) on **Friday, the 8th October, 2010 at 12:30 P.M.**

(Signature of Shareholder / Proxy)

IMPORTANT

This attendance slip must be handed over at the entrance of the Meeting Hall.

PROXY

NOVA IRON & STEEL LIMITED

Plant & Regd. Office : Village-Dagori, Tehsil-Belha
Distt. Bilaspur (CHHATTISGARH) Pin-495 224

Registered Folio No. : No. of Shares :
I/We.....of.....being member/members of **NOVA IRON & STEEL LIMITED**, hereby appoint of
..... or failing him
..... of

as my/our Proxy in my /our absence to attend and vote for me/us, and on/our behalf, at the 18th Annual General Meeting of the Company to be held at Village - Dagori, Tehsil-Belha Distt. Bilaspur (CHHATTISGARH) on **Friday, the 8th October, 2010 at 12.30 p.m.** and at any adjournment thereof.

Signed this day of2010

Signature(s) of the Shareholder(s).....

Note : This proxy must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the Meeting.

A Proxy need not be a member of the Company.

BOOK POST

If undelivered, Please return to :

NOVA IRON & STEEL LIMITED

Plant & Regd. Office : Village - Dagori, Tehsil-Belha

Distt. Bilaspur (CHATTISGARH) Pin 495 224