



20th  
ANNUAL  
REPORT  
2011-2012

**NOVA**  
**IRON & STEEL LTD.**



**20th ANNUAL REPORT 2011-2012**  
Year ended 31st March, 2012

Mr. Sanjay Singal  
Mr. R.P. Goyal  
Mr. Narsingh Awatar  
Mr.M.Ramachandran  
Mr. Arvind Gupta

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

Punjab National Bank, Janpath, New Delhi  
Axis Bank Ltd.

Village Dagori  
Tehsil Belha, District Bilaspur, (Chhattisgarh) Pin 495224

**CORPORATE OFFICE**  
4th Floor, Tolstoy House, 15-17th Tolstoy Marg  
Connaught Place, New Delhi-110001

**PLANT**  
Village-Dagori Tehsil-Belha  
Distt. Bilaspur (Chattisgarh) Pin 495224

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**NOTICE**

Notice is hereby given that the 20<sup>th</sup> Annual General Meeting of Nova Iron And Steel Limited will be held on Wednesday, the 26<sup>th</sup> day of September, 2012 at 3.00 P.M at its Regd. Office at Village Dagori, Tehsil Belha, District Bilaspur, Chattisgarh to transact the following Business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March , 2012 and Profit & Loss Account and Cash Flow Statement for the period ended as on that date and the Report of the Auditors and Directors thereon
2. To appoint a Director in place of Shri Arvind Gupta who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. Ravi Parkash Goyal 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.

Place: New Delhi  
Date 31<sup>st</sup> July 2012

**By order of the Board**

Sd/-  
( R. P. Goyal)  
Director



**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. Members are informed that as per SEBI directive the Company has entered into an agreement with M/s Skyline Financial Services Pvt. Ltd, to act as Share Transfer Agents of the Company for all matters connected with Transfers and Transmission of shares and also dematerialization of Shares and other related functions etc.
3. Corporate members are requested to send duly certified copy of Board Resolution authorizing representatives to attend and vote at the Annual General Meeting
4. In case of joint holders of shares attending the meeting, only such joint holders who is higher in the order of names will be entitled to vote.
5. The Register of Members and the Share Transfer Books shall remain closed from 19<sup>th</sup> September 2012 to 26<sup>th</sup> September 2012 (both days inclusive)
6. Members seeking information about the accounts are requested to write at least 10 days before the date of the meeting to the Company so that it may be convenient to keep the information ready for the meeting. All the documents referred to accompanying Notice and Explanatory Statement are open for inspection at the corporate office of the Company on all working days except Sunday between 11.00 AM to 1.00 PM upto the date of Annual General Meeting
7. Members are requested to bring their copy of Annual Report at the Meeting and proxies should bring attendance slips duly filled in for attending the Meeting.
8. Members are requested to notify immediately any change in their addresses quoting their folio numbers to Registrar and Transfer Agent of the Company.
9. Non Resident members are requested to inform immediately to RTA (a) change in residential status on relating to India for permanent settlement (b) particulars of bank account maintained in India with complete name of bank, branch address, account type, account number, if not furnished earlier
10. Ministry of Corporate Affairs, Govt. of India, vide Circular No. 35/2011 dated 06/06/2011 has facilitated shareholders to have soft copy Annual Report and voting through E-Voting. Company is taking steps to facilitate the shareholders for E Voting. Shareholders are requested to register their mail ID with the Registrar & Transfer Agent to avail the said facilities.
11. As per the requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the details of Directors proposed to be appointed/re-appointed at the Annual General Meeting is annexed hereto.

**ANY CORRESPONDENCE RELATING TO SHARES CAN BE MADE TO THE COMPANY'S REGISTRAR AT:**

Particular	Names of Directors to be re-appointed	
Date of Birth Expertise in Area	Mr Arvind Gupta 22.12.1957 Legal	Mr Ravi Parkash Goyal 09.09.1951 Commercial & Legal
Qualification	LLB	Commerce Graduate
Directorship in other companies	NIL	1. Marble Finvest Ltd 2. Bhushan Power & Steel Ltd 3. Atmaram House Investments Pvt Ltd 4. Bhushan Aluminum & Power Ltd 5. Prinyanka Iron & Energy Ltd 6. Rohne Coal Company Pvt Ltd
Shareholding in the Company as on 31.03.2012	NIL	NIL

**DIRECTORS' REPORT**

To Members,

Your Directors have pleasure in presenting the 20<sup>th</sup> Annual Report together with Audited Accounts for the period ended 31<sup>st</sup> March, 2012.

FINANCIAL RESULTS Particulars	₹ in Lacs	
	2011-12 (9 Months)	2010-11 (12 Months)
Total Income	7773.73	864.69
Loss before Interest, Depreciation and Tax	1032.55	493.03
Interest & Financial Cost	331.62	102.42
Depreciation & Amortisation	213.90	280.52
Loss before Tax	1578.07	875.97
Deferred Tax	4.37	-22.00
Earlier Year Tax	1.72	—
Loss after Tax	1584.16	853.97
Net Loss transferred to Balance Sheet	1584.16	853.97

**CHANGE OF FINANCIAL YEAR**

This financial year of the Company has been changed from June to March and subsequent financial year will be April to March.

**DIVIDEND**

In view of the losses incurred, Directors express their inability to recommend dividend for the period under review.

**OPERATIONS & FUTURE OUTLOOK**

Company was able to restart production after about five months. During the period under review, total revenue earned is ₹ 7773.73 Lacs. Company has taken steps to increase the production. Non-availability of iron ore and other raw materials i.e. coal also remained a factor for low production. Company depends on the availability of iron ore on market conditions. The demand of Sponge Iron in the market also remained low because of higher cost of production resulting into lower sales.

Your Company does not have its own captive iron ore mines. power supply from the State Govt. remained irregular. Efforts are being made to own iron ore mines which shall improve production output and quality of Sponge Iron. Company has initiated for installation of 20MW power plant to meet its captive power requirement. In the current market conditions, to compete in the market, installation of captive power plant for power continues supply, utilization of waste heat of kilns, maximize production capacity utilization, installation of furnace, is needed to produce cost effective Sponge Iron. However, till the time the continuous supply of iron ore is ensured, the aforesaid new projects shall have to wait. Your

Company is making efforts in this direction.

**LISTING OF SHARES**

At Present the shares of the Company are listed with the Stock Exchanges at Bombay, Ahmadabad, Calcutta, Delhi, Madras and National Stock Exchange. Pursuant to approval of Board of Directors in its meeting held on 08.10.2010, Company has filed application for delisting of shares from National Stock Exchange vide letter dated 27.10.2010 and Ahmadabad, Calcutta, Delhi, Madras vide letter dated 02.06.2011.

**DIRECTORS**

Since last Annual General Meeting the following change in the Directorship of the Company has taken place.

Sh. R. K. Gambhir resigned from the Directorship w.e.f. 31.05.2012.

In accordance with the provisions of Articles of Association of the Company, Sh. Arvind Gupta and Sh. R. P. Goyal, Directors retire by rotation and offer themselves for re-appointment.

None of the Directors has incurred disqualification under section 274(1)(g) of the Companies Act, 1956.

**DIRECTOR IDENTIFICATION NUMBER (DIN)**

Present Directors on the Board have obtained Director Identification Number (DIN) and have complied with the Companies (Director Identification Number) Rules, 2006 as amended to date.

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

Pursuant to Section 217(2AA) of Companies Act, 1956, with regard to Directors' Responsibility Statement, your Directors hereby confirm that:

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period ;
- (iii) 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;



(iv) the Directors have prepared the annual accounts on a going concern basis.

**AUDIT COMMITTEE**

In compliance with the provisions of Section 292A of Companies Act, 1956 and Corporate Governance, Audit Committee of Directors has been reconstituted by Board of Directors consisting on 08.07.2011. Mr. N. Awatar and Mr Arvind Gupta, Independent Director and Mr. R. P. Goyal as Members of the Committee. Mr. N. Awatar is Chairman of the company. Audit Committee shall have powers and authority as provided under the aforesaid provisions and shall act in accordance with the terms of reference specified by the Board of Directors from time to time.

**AUDITORS**

M/s Antima & Goel, Chartered Accountants, New Delhi hold office until the conclusion of Annual General Meeting and are eligible for re-appointment. M/s Antima & Goel, Chartered Accountants, New Delhi has confirmed their eligibility under Section 224(IB) of the Companies Act, 1956. Accordingly members approval is being sought for their re-appointment as Statutory Auditors of the Company at the ensuing Annual General Meeting.

**AUDITORS' REPORT**

Auditors have not made any qualification/adverse remarks on the annual accounts for the period ended 31<sup>st</sup> March 2012. Notes to Accounts are self-explanatory and therefore calls for no further comments.

**COST AUDITORS**

Central Government has appointed M/s Kabra & Associates, Cost Accountants, New Delhi as Cost Auditors of the company for the financial year 2011-12. Subject to the approval of Central Govt., Company has also appointed M/s Kabra & Associates, Cost Accountants, New Delhi as Cost Auditors of the Company for the financial year 2012 - 2013.

**PUBLIC DEPOSITS**

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

**SEGMENT REPORTING**

The Company is engaged in iron & Steel business, which in the context of Accounting Standard -17 of Companies (Accounting Standard) Rules, 2006 as amended to date is considered only business segment.

**SUBSIDIARY COMPANY**

Your Company do not have any subsidiary company.

**REFERENCE TO BIFR**

Net worth of the Company had eroded by more than 50% based on the audited annual accounts for the year ended 31<sup>st</sup> March 2012. Pursuant to the provisions of Sick Industrial Companies (Special Provision) Act, 1985, a reference has been made to BIFR on 06.12.2010.

**REDUCTION IN CAPITAL**

Shareholder in its meeting held on 17.03.2012 approved reduction in capital to wipe of the accumulated losses of the Company. Reduction in capital will be effective on approval of scheme by Hon'ble High Court of Chhattisgarh in accordance with the provisions of Companies Act, 1956.

**PARTICULARS RELATING TO EMPLOYEES**

During the year the Company had there is 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, is applicable, hence the information be treated as NIL.

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

During the period under report plant remained closed for five months due to non availability of raw material/maintenance of plant. Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of Energy, Technology Absorption, foreign exchange earnings and outgo is enclosed at **Annexure A**.

**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 are appended at **Annexure -B** and **Annexure-C** to this report.

**INDUSTRIAL RELATIONS**

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

**EMPLOYEES STOCK OPTION**

Company has not issued Sweat Equity Shares or ESOP (Employees Stock Option).

**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 : 31.07.2012

Sd/-  
**(Sanjay Singal)**  
Chairman  
DIN00006579

**ANNEXURE-A**

INFORMATION AS PER SECTION 217 (1) (e) READ WITH COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31<sup>ST</sup> MARCH 2012.

**CONSERVATION OF ENERGY:**

- (a, b & c) Your Company has always been conscious of the need to conserve energy and has always attempted various measures for the same wherever possible to achieve reduction in the cost of production.
- (d) The details regarding present energy consumption including captive generation are furnished as per Form A of the Annexure to the Rules.

**FORM A****A. POWER & FUEL CONSUMPTION**

	2011-12	2010-11
<b>1. Electricity</b>		
<b>(a) Purchased</b>		
Units (No. in Lacs) *	38.04	8.74
Total Amount (₹ In Lacs)	167.25	86.34
Average rate per unit (₹)	4.40	9.87
<b>(b) Own Generation</b>		
<b>(i) Through Diesel</b>		
Units (No. in Lacs)	2.01	0.28
Qty (Ltrs in Lacs)	0.83	0.08
Total Amount (₹ In Lacs)	37.28	3.60
Average rate per unit (₹)	18.50	13.03
<b>B. CONSUMPTION PER UNIT OF PRODUCTION</b>		
Net Saleable Production (MTs)***	34243	80
Electricity (Unit/MT)	111.08	NIL

**FORM B****RESEARCH & DEVELOPMENT (R & D)**

1. Specific area in which R & D is carried out by the Company.	Since the plant has no production during the year 2010-2011, no specific research was carried out.
2. Benefits derived as a result of the above R&D	NIL
3. Future Plan of action	Company proposed to set up captive power plant to generate its own power for uninterrupted supply of power thus creating synergies and efficiency of production cost.
4. Expenditure on R&D (₹ in lacs) Capital/Recurring	Recurring. Not segregated

**TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION:**

1. Efforts in brief made towards technology, absorption, adaptation and innovation	Company has adopted Lurgi Technology for sponge iron production.
2. Benefits derived as a result of above efforts e.g. product improvement, cost reduction, product development, import substitution etc.	NIL
3. In case of import technology (imported during the last 5 years reckoned from the beginning of the financial year) following information may be furnished.	Not Applicable
a. Technology Imported	Not Applicable
b. Year of Import	Not Applicable
c. Has Technology been fully absorbed	Not Applicable
d. If not fully absorbed, areas where this has not taken place reason thereof and future plan of action.	Not Applicable

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

1. Activities relating to exports, initiatives taken to increase exports, development of new export market for products and services and export plan.	Presently Company is not exporting its products in international market.
2 Total Foreign Exchange used and Earned.	Used : ₹ NIL Earned : ₹ NIL

**ANNEXURE-B****REPORT ON CORPORATE GOVERNANCE****1. Company's Philosophy**

The Company is 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.

**2. Board of Directors****a) Composition :**

The Board consists of five directors. More than 50% are non-executive independent Directors and remaining are non-executive promoter Directors.

**b) Meetings and attendance records of each Director**

Attendance Record of Directors in the Board Meetings and Committee meetings held during the period under review--





## NOVA IRON & STEEL LTD.

During the year Four meetings of Board of Directors were held on 08.07.2011, 27.08.2011, 29.10.2011 and 13.02.2012 The intervening period between two Board Meetings was well within the maximum prescribed period.

Attendance record of Directors at Board/Committee/General Meetings and details of directorship/committee membership/Chairmanship during the year ended 31<sup>st</sup> March 2012 is are given below :-

SN	Name of Director	Attendance Particulars			No. of Other Directorship and Committee Member/ Chairmanship			Remarks
		No. of Board Meetings held	No. of Board Meetings attended	Attendance at last AGM	Other Direct or Ships	Committee Members (**)	Committee Chairships (**)	
1	Sanjay Singal	04	03	N.A.	N.A.	01	1	
2	R P Goyal	04	04	N.A.	N.A.	03	1	
3	N Awatar	04	04	Yes	01	03	02	
4	R K Gambhir	04	04	No	Nil	—	—	Resigned W.e.f 31.05.2012
5	M. Ramachandran	04	Nil	Yes	—	—	—	
6	Arvind Gupta	04	04	N.A.	N.A.	4	N.A.	

(\*\*) Committee here means Audit Committee, Remuneration Committee, Share Transfer Committee and Shareholders' Grievance Committee

- c) The Non-Executive Directors had no pecuniary relationship or transactions with the Company in their personal capacity during the period under review.
- d) Mr. Arvind Gupta and Mr. R. P. Goyal, directors are retiring by rotation and have offered themselves for re-appointment.  
 Mr. Arvind Gupta is a Law graduate and has rich experience of about 15 years in legal profession. He is an independent Director on the Board.  
 Mr. R. P. Goyal is commerce graduate and has vast experience of about 35 year in steel sector. He is nominee director of promoter on the Board.

### 3. AUDIT COMMITTEE

The Company has an Audit Committee. The Audit Committee was reconstituted on 08.07.2011 and at present consists 3 members namely Mr N Awatar, Mr R. P. Goyal and Mr Arvind Gupta as its members. Mr. N Awatar is Chairman of the Committee and is independent and non-executive Director. He is a senior practicing Chartered Accountant.

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

The terms of reference of the Committee conform to the provisions of section 292A of the Companies Act, 1956 and clause 49 of the Listing Agreement as detailed hereunder—



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. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.  
During the year Committee held Three Meetings on 27.08.2011, 29.10.2011 and 13.02.2012.

**4. REMUNERATION COMMITTEE**

Committee has been constituted for fixation of Remuneration of Executive Directors of the Company. Committee review Company's Policy on specific remuneration package for the executive directors.

Remuneration Committee was reconstituted on 08.07.2011 and Mr. N Awatar and Mr. Arvind Gupta, independent directors, are the members of the Committee. Mr. N Awatar is the Chairman of the Committee. No meeting was held during the year.



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

(i) Executive Directors

SN	Name of the Directors	Salary (₹)	Perquisites & Allowances (₹)	PERIOD	
				From	To
		NIL	NIL		

Mr. S. P. Maken resigned w.e.f 08.07.2011.

(i) Non- Executive Independent Directors

SN	Name of the Director	Sitting fee Paid during the (₹)	Remarks	PERIOD	
				From	To
1.	Mr N Awatar	7,000/-	₹ 1000/- per meeting of the Board or Committee except Share Transfer Committee Meetings	01.07.2011	31.03.2012
2.	Mr Arvind Gupta	7,000/-	₹ 1000/- per meeting of the Board or Committee except Share Transfer Committee Meetings	01.07.2011	31.03.2012

#### 5. SHAREHOLDERS' GRIEVANCES COMMITTEE

Shareholders' Grievances Committee has been constituted to look into the grievance of the Shareholders. During the year under review three Meetings of Shareholders' Grievances Committee held on 15.07.2011, 25.10.2011 and 10.02.2012. The Committee was reconstituted on 08.07.2011 with Mr. R. P. Goyal, Mr. N Awatar and Mr Arvind Gupta as members of the Committee. Mr R. P. Goyal is Chairman of the Committee. .

Since the last AGM 243 Nos of complaints were received from various shareholders and all of them have been replied resolved satisfactorily. As on date there are no pending request for share transfer.

#### 6. SHARE TRANSFER COMMITTEE

Share Transfer Committee has been constituted to consider and approve transfer of shares lodged for transfer with RTA. The Share Transfer Committee meetings are being held every fortnight.

Mr. Sanjay Singal, Mr. R. P. Goyal and Mr. Arvind Gupta Members of the Committee. Mr Sanjay Singal is the Chairman of the Committee.

#### 7. GENERAL BODY MEETINGS:

The details of Annual General Meetings held during the preceding three years and special Resolutions passes are as under



AGM	Date	Time	Venue	Special Resolution Passed
17 <sup>th</sup>	25.09.2009	12.30 PM	Registered Office	<ul style="list-style-type: none"><li>• Appointment of Mr T. Bhaskar as Whole Time Director.</li></ul>
18 <sup>th</sup>	08.10.2010	12.30 PM	Registered Office	<ul style="list-style-type: none"><li>• Re-appointment of Mr S.P. Maken as Whole Time Director</li><li>• Re-allotment of forfeited shares.</li></ul>
19 <sup>th</sup>	11.10.2011	12.30 pm	Registered Office	<ul style="list-style-type: none"><li>• Appointment of Mr Arvind Gupta as a Director</li><li>• Appointment of Mr Sanjay Singal as a Director</li><li>• Appointment of Mr R. P. Goyal as a Director</li><li>• Authority to create Charge on immovable property</li><li>• Authority to borrow</li></ul>

(a) **Extra Ordinary General Meeting**

The details date, time and venue of EGM of the Company held and Special Resolutions Passed during the preceding three years is as under :-

Date	Time	Venue	Special Resolution Passed
03.12.2010	12.30 P.M.	Registered office	<ul style="list-style-type: none"><li>• Re-allotment of forfeited shares at a rate not less than ₹ 17.42 per share</li></ul>
17.03.2012	2.30 P.M.	Registered office	<ul style="list-style-type: none"><li>• Reduction in capital and consequent consolidation of shares</li></ul>

Note : During the year 2009-10 no Extra Ordinary General Meeting was held.

(c) **Special Resolutions passed through Postal Ballot during the year 2010-2011 :-**

Date of Notice	Last Date of receiving of Postal Ballot	Date of Declaration of Results	Resolution passed by Postal Ballot
NIL	NIL	NIL	NIL

**8. 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. The disclosure of related party transactions has been made in the annual accounts for the period ended 31.03.2012.

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 markets. 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.

**9. MEANS OF COMMUNICATION :**

The Company normally publishes quarterly and annual financial results in English Daily, in Hindi daily widely circulated and in Local Hindi daily and results are promptly furnished to stock exchanges for display on their



website. Annual Reports and other important information are circulated to members.

**10. MANAGEMENT DISCUSSION & ANALYSIS REPORT:**

The Management Discussion & Analysis Report under clause 49 of the Listing Agreement forms part of Annual Report

**11. GENERAL SHAREHOLDERS INFORMATION:**

- a) Annual General Meeting for the year 31<sup>st</sup> March 2012 - 26<sup>th</sup> September, 2012 at 3.00 PM at registered office of the Company.
- b) Financial calendar: This financial year is 1<sup>st</sup> July 2011 to 31<sup>st</sup> March 2012 and subsequent financial year is from April to March each year.  
Financial reporting for the quarter ending
- |                                 |               |
|---------------------------------|---------------|
| 30 <sup>th</sup> June 2011      | July 2011     |
| 30 <sup>th</sup> September 2011 | October 2011  |
| 31 <sup>st</sup> December 2011  | February 2012 |
| 31 <sup>st</sup> March 2012     | May 2012      |
- c) Dates of Book Closure  
19<sup>th</sup> September 2012 to 26<sup>th</sup> September 2012
- d) Dividend Payment Dates  
No dividend is recommended for the financial period ended 31<sup>st</sup> March 2012
- e) Listing of Securities  
At Present the shares of the Company are listed with the Stock Exchanges at Bombay Stock Exchange, Ahemdabad Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange, Madras Stock Exchange and National Stock Exchange. Pursuant to Board approval, Company has filed application for delisting of shares from National Stock Exchange on 27.10.2010 and Ahemdabad Stock Exchange, Calcutta Stock Exchange, Delhi Stock Exchange, Madras Stock Exchange on 02.06.2011.  
Company has paid Annual Listing fee for the year 2012-13 to Bombay Stock Exchange.  
Stock Code/Security Symbol
- |            |               |
|------------|---------------|
| Stock Code | Symbol in BSE |
| 513566     | NOVIS         |
- f) ISIN No. for dematerialisation of Equity Shares  
INE 608C01018.
- g) Market Price Data at BSE  
The details of High Low share price of equity shares of the Company during each month of the year under report are as under –

Month	High (₹ Per share)	Low (₹ Per share)	Volume (No. Per share)
July 2011	13.90	13.20	813709
August 2011	13.84	13.05	1676037
September 2011	13.71	11.25	458748
October 2011	13.90	11.50	155799
November 2011	12.00	7.24	180279
December 2011	8.19	6.18	66786
January 2012	8.38	6.21	91917
February 2012	7.95	6.30	194884
March 2012	7.35	5.77	335513

Note : Trading of shares was allowed by BSE on 07.05.2010. Trading of shares with NSE, ASE, DSE, MSE & CSE remained suspended.

h) Distribution of Shareholding as on 31<sup>st</sup> March, 2012.

Range	No of Shareholders	Nos of Shares	%age
1-500	162517	24588019	16.33
501-1000	3636	3041298	2.02
1001-2000	1205	1871579	1.24
2001-3000	359	922881	0.61
3001-4000	151	549130	0.36
4001-5000	164	780625	0.52
5001-10000	173	1363650	0.91
10001 & above	141	117464018	78.01
Total	168346	150581200	100.00

Shareholding pattern as on 31<sup>st</sup> March, 2012.

Category	No. of Shares held	%age
Promoter & Associates	100965777	67.05
Financial Institutions	600	0.00
Mutual Funds/Insurance Companies	2166900	1.44
NRIs	1087961	0.72
Corporate Bodies	11494698	7.63
Public	34865264	23.15
Total	150581200	100

i) **Registrar & Share Transfer Agent (RTA)**

M/s Skyline Financial Services Private Limited, D-153A, 1<sup>st</sup> Floor, Okhla Industrial Area, Phase-1 New Delhi -110020. Ph Nos 011-30857575 (10 lines) Fax- 011-30857562 has been appointed Registrar & Share Transfer Agent (RTA) w.e.f. 08.07.2011 in place of M/s Abhipra Capital Ltd to whom Notice of termination of their services was given.

**Delegation of Authority to the Registrar & Share Transfer Agents.**

The Board has delegated to M/s Skyline Financial Services Private Limited, 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.

j) **Share Transfer System**

Transfer of shares held in physical form can be lodged with Registrar & Share Transfer Agent at the above mentioned address. The transfer requests are normally processed within 15 days of receipt of documents, if documents are found in order. Shares under objections are returned within two weeks.

**Share Transfer Committee**

Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to Share Transfer Committee. The decisions of Share Transfer Committee is are placed at the next Board Meeting.

**Reconciliation of Share Capital Audit Report**

SEBI has vide Circular No CIR/MRD/DP/30/2010 dated 06.09.2010 renamed "Secretarial Audit Report" as



"Reconciliation of Share Capital Audit Report" The Company obtains the said report from a Company Secretary in Practice, confirming that total issued capital of the Company is in agreement with the total number of shares held in physical form and total number of shares held in dematerialized form and is placed before the Board on a quarterly basis. A certificate from Company Secretary in Practice is also obtained half yearly and placed before the Board Meeting as required under clause 47(c) of Listing Agreement with Stock Exchanges.

**k) Nomination Facility:**

Pursuant to provisions of Section 109A of Companies Act, 1956, members are entitled to make nomination in respect of shares held by them. Members holding shares in physical form and are intending to make / change nomination in respect of their shares may submit Form 2B to company's Registrar & Transfer Agent. All correspondence by the Shareholders may be sent at the following address :-

Registered office & Plant Location

Registered office address and location of the plant of the company is

Nova Iron & Steel Ltd.

Village-Dagori, Tehsil-Belha, Distt. Bilaspur- (Chhattisgarh)

**l) Compliance Officer and Address for Communication**

Ms Anuradha Tandon, Company Secretary was designated Compliance officer w.e.f. 08.07.2011.

Ms Anuradha Tandon has resigned from the post of Company Secretary w.e.f. 31<sup>st</sup> March 2012.

Mr. R.P. Goyal, Director has been designated as Compliance Officer.

**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 28<sup>th</sup> April, 2006. The same was circulated to all concerned for compliance.

**CERTIFICATION**

The Company has obtained a Certificate as stipulated in clause 49 of Listing agreement regarding compliance of conditions of Corporate Governance and is annexed herewith.

**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.

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

The continuous increase in raw material prices and its irregular supply has resulted into increase in total cost of production and consequently increased losses. During the year Company procured raw material from open market.

In the recent years smaller indigenous Sponge Iron plants involving less capital cost have been set up right near the iron ore mines. These smaller plants are giving tough competition in the market. At the same time it has started affecting the supply and price of Iron Ore. During the last about three to four years the prices of Iron Ore and coal has been 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 quiet exorbitant and thus increasing the cost of production. Southern Coal Fields Ltd (SECL) is not making the supply of coal under Fuel Supply Agreement and the matter is pending before Supreme Court. This has further shaken the business economics and profitability of the Company.

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 profits 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.

During the year due to maintenance, non availability of raw material, plant remained closed for about five months and there was no production. The operations can be made profitable by 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.



**CERTIFICATE**

**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 period ended on 31<sup>ST</sup> March , 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The Company has complied with 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 31<sup>st</sup> March, 2012 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**

Sd/-  
**(R.B.Goel)**  
**Partner**  
Membership No.: 086862

Place: New Delhi  
Date: 31.07.2012





## AUDITORS' REPORT

TO THE MEMBERS OF  
NOVA IRON & STEEL LIMITED

### Report on Financial Statements

We have audited the attached Balance Sheet of **NOVA IRON & STEEL LIMITED** as at 31<sup>st</sup> March, 2012, and also Statement of the Profit & Loss Account and the Cash Flow Statement for the period ended on that date annexed there to.

### Management's Responsibility for the Financial Statements

The Management is responsible for the preparation of the financial statements that give a true and fair view of the financial positions and performance of the company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ('the Act'). This responsibility includes implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give true and fair view and free from material misstatements, whether due to fraud or error.

### Auditor's Responsibility

Our Responsibility is to express an opinion on the 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 plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk 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. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation.

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

### Auditor's Opinion

In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and

Notes thereon in from 1 to 30, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view, in conformity with the accounting principles generally accepted in India:-

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March, 2012;
- b) in the case of the Statement of Profit and Loss Account, of the Loss for the period ended on that date ; and
- c) in the case of Cash Flow Statement, of the cash flows for the period ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2003 ('the Order') as amended, issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the **Annexure** a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further, As required by Section 227(3) of the Act, pertaining to Annexure referred above 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 purposes 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;
  - c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
  - d) In our opinion the Balance Sheet, Statement of Profit and Loss Account and Cash Flow Statement dealt with by this report are in compliance with the applicable Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
  - e) On the basis of the written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31<sup>st</sup> March, 2012 from being appointed as a Director in terms of clause (g) of Sub-section (1) of Section 274 of the Companies Act, 1956.

### FOR ANTIMA & GOEL

Chartered Accountants

(Firm Registration No: 009062N)

Sd/-

(R.B. GOEL)

PARTNER

M.NO: 086862

Place: New Delhi

Date: 30.05.2012

**ANNEXURE-to the auditors' report**

(Referred to in paragraph 5 of our report of even date for the Period ended 31<sup>st</sup> March 2012) (Re: Nova Iron & Steel Ltd. ('the Company'))

- (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets. On the basis of available information, in our opinion, the fixed assets covering significant value have been physically verified by the management at reasonable intervals, having regard to the size of the Company and the nature of its fixed assets. As informed to us, no material discrepancies were noticed on such verification. No substantial part of fixed assets has been disposed off during the year, which may affect the going concern status of the company.
- (ii) In our opinion and according to the information and explanations given to us, the inventory of the Company in its possession has been physically verified by the Management at reasonable intervals. Stocks in the possession and custody of the third parties and stocks in transit as on 31<sup>st</sup> March, 2012 have been verified by the Management with regard to confirmation or statement of account or correspondence of the third parties or subsequent receipt of goods. The procedures of physical verification of inventory of the Company followed by the Management is reasonable and adequate in relation to the size of the Company and nature of its business.  
The Company is maintaining proper records of inventory. As explained to us, no material discrepancies were noticed on such physical verification as compared to book records.
- (iii) (a) The Company has taken unsecured loan from two body corporates covered under the Register maintained U/s 301 of the Companies Act, 1956. The maximum amount outstanding during the year was Rs. 73,09,89,327/= and balance at year end was Rs.73,09,89,327/= . In our opinion, the rate of Interest and other terms and conditions on which loan has been taken from the body corporates listed in register maintained under Section 301 of the Act are not, prima facie, prejudicial to the interest of the Company.
- (iii) (b) The Company has not granted any loans, secured or unsecured to companies, firms or other parties listed in Register maintained U/s 301 of the Companies Act, 1956.
- (iv) 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, fixed assets and with regard to sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weakness in such internal controls.
- (v) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements have been entered in the register maintained U/s 301 of the Companies Act, 1956.
- (vi) To the best of our knowledge, the Company has not accepted any deposits covered under Section 58A and 58AA or any other relevant provisions of the Companies Act, 1956.
- (vii) To the best of our knowledge and explanations given to us, the Company has an internal audit system commensurate with its size and nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under clause (d) of subsection (1) of Section 209 of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us and the records of the Company examined by us, in our opinion the Company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Employee State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given by the management, there was no disputed dues of 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 (including interest due) & Service Tax amounting to Rs. 3,94,53,514/- & Rs. 21,63,303/- respectively.

According to the information and explanations given to us and according to records of the Company, there are no dues outstanding of Wealth Tax, Custom Duty, Cess etc. on account of any dispute, Except Sales Tax(VAT), Income Tax and Excise Duty, as per details given below:-

Nature of the statute	Nature of dues	Amount (₹ In Lacs)	Period to which amount related	Forum where dispute is pending
Excise Duty	Modvat Credit Disallowed	72.62 Plus Penalty	A.Y. 2004-05	Appeal filed with Custom Excise & Service Tax Appellate Tribunal, New Delhi.
Income Tax	Demand	18.70	A.Y. 1994-95	Appeal Pending before ITAT.
VAT	Demand	2.23	A.Y. 2004-05	Commissioner of Commercial Tax.



## NOVA IRON & STEEL LTD.

VAT	Demand	0.25	A.Y. 2006-07	Revision Pending with Asstt. Commissioner of Commercial Tax
VAT	Demand	530.60	A.Y. 2003-04	Revision filed before Addl. Comm. Commercial Tax was filed and order was issued in favour of the Company Case remanded back to A.C. Commercial Tax.
VAT	Demand	594.08	A.Y. 2004-05	Revision filed before Addl. Comm. Commercial Tax was filed and order was issued in favour of the Company Case remanded back to A.C. Commercial Tax.
Excise Duty	Demand	2.90	A.Y. 2007-08	Commissioner Central Excise.
Entry Tax	Tax Demand	5.05	A.Y. 2006-07	Revision Pending with Addl. Commissioner of Commercial Tax

- (x) The company's accumulated losses at the end of the year of audit does not exceeds 50% of the Net worth of the Company though it has incurred Cash Loss during the current period and in the immediately preceding audit year also. Reference under Sick Industrial Companies (Special Provisions) Act, 1985 has been made on 06.12.2010 by the Company.
- (xi) According to the information and explanations given to us and to the best of our knowledge the Company has not taken any loans from any financial institutions or banks or debenture holders thus the question of any default in repayment of both principal and interest does not arise.
- (xii) 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.
- (xiii) 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. The Company is not chit fund or a nidhi/mutual benefit fund/society.
- (xiv) The Company has maintained proper records of the transactions and contracts in respect of dealing or trading in shares, securities, debentures and other investments and timely entries have been therein. All the shares, securities, debentures and other investments have been held by the Company in its own name.
- (xv) 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.
- (xvi) Based on information and explanations given to us by the management, no term loans were obtained during the current year.
- (xvii) According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
- (xviii) According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties or companies covered in the register maintained under Section 301 of the Companies Act, 1956. The company has not issued any debentures.
- (xix) 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.
- (xx) According to the information and explanations given to us, the Company has not raised any money by a Public Issue during the year.
- (xxi) Based upon the audit procedure 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 year.

### FOR ANTIMA & GOEL

Chartered Accountants

Firm Registration No:009062N

Sd/-

(R.B.GOEL)

Partner

M.No. : 086862

Place: New Delhi

Date : 30.05.2012

**NOVA IRON & STEEL LTD.**

BALANCE SHEET AS AT 31st MARCH, 2012

(Amount in ₹)

PARTICULARS	Note	As at 31.03.2012	As at 30.06.2011
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE HOLDERS' FUNDS</b>			
Share Capital	2	1 51 96 12 000	1 51 96 12 000
Reserves & Surplus	3	- 1 23 57 79 374	- 1 07 73 62 444
		<b>28 38 32 626</b>	<b>44 22 49 556</b>
<b>NON-CURRENT LIABILITIES</b>			
Other Long-Term Liabilities	4	1 03 21 766	1 04 29 027
Long-Term Provisions	5	80 96 401	80 68 024
		<b>1 84 18 167</b>	<b>1 84 97 051</b>
<b>CURRENT LIABILITIES</b>			
Short-Term Borrowings	6	73 09 89 327	38 46 348
Trade Payables	7	3 76 15 894	16 61 067
Other Current Liabilities	8	4 58 45 964	4 16 20 221
		<b>81 44 51 185</b>	<b>4 71 27 636</b>
<b>TOTAL ASSETS</b>		<b>1 11 67 01 978</b>	<b>50 78 74 243</b>
<b>NON-CURRENT ASSETS</b>			
Fixed Assets:	9		
Tangible Assets		43 53 10 417	19 45 15 500
Intangible Assets		-	-
Capital Work In Progress		1 28 69 456	-
		<b>44 81 79 873</b>	<b>19 45 15 500</b>
Non - Current Investments	10	30 78 000	-
Deferred Tax Assets ( Net )	11	98 38 214	1 02 75 722
Long-Term Loans and Advances	12	5 70 44 631	96 45 732
Other Non-Current Assets	13	-	24 13 125
		<b>6 99 60 845</b>	<b>2 23 34 579</b>
<b>CURRENT ASSETS</b>			
Inventories	14	33 54 91 805	1 30 39 976
Trade Receivables	15	1 66 015	-
Cash & Cash Equivalents	16	7 49 14 388	21 37 94 356
Short-Term Loan & Advances	17	18 79 89 052	6 41 89 832
		<b>59 85 61 260</b>	<b>29 10 24 164</b>
<b>TOTAL</b>		<b>1 11 67 01 978</b>	<b>50 78 74 243</b>

Significant Accounting Policies 1  
The Accompanying Notes on Financial Statements 2 to 30

As per our report of even date attached  
For Antima & Goel  
Chartered Accountants  
Firm Regn. No. 009062N

Sd/-  
R.B.Goel  
Partner  
Membership No. 086862

Sd/-  
N. Awatar  
Director

For & on behalf of the Board

Sd/-  
R.P.Goyal  
Director

Place : New Delhi  
Date : 30.05.2012

**NOVA IRON & STEEL LTD.****STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH, 2012**

(Amount in ₹)

For the Year PARTICULARS	Note	For the Period	
		Ended 31.03.2012 (9 Months)	Ended 30.06.2011 (12 Months)
<b>I. Revenue from Operations</b>			
Sale of Products	18	80 07 73 274	8 11 20 091
Less : Excise Duty		7 63 56 349	11 47 868
		72 44 16 925	7 99 72 223
<b>II. Other Income</b>	19	5 29 55 952	64 96 414
<b>III. Total Revenue (I +II) :</b>		<b>77 73 72 877</b>	<b>8 64 68 637</b>
<b>IV. Expenses:</b>			
Cost of Material Consumed	20	83 47 34 234	4 64 61 622
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	- 3 16 73 526	56 92 126
Employee benefit expense	22	2 53 84 271	3 46 23 613
Financial costs	23	3 31 61 877	1 02 41 968
Depreciation and amortization expenses	24	2 13 89 899	2 80 51 901
Other expenses	25	5 21 83 303	4 89 94 156
<b>Total Expenses :</b>		<b>93 51 80 058</b>	<b>17 40 65 386</b>
<b>V. Loss before exceptional and extraordinary items and tax(III-IV)</b>		<b>15 78 07 181</b>	<b>8 75 96 749</b>
<b>VI. Exceptional Items</b>		-	-
<b>VII. Loss before extraordinary items and tax (V - VI)</b>		<b>15 78 07 181</b>	<b>8 75 96 749</b>
<b>VIII. Extraordinary Items</b>		-	-
<b>IX. Loss before tax (VII - VIII)</b>		<b>15 78 07 181</b>	<b>8 75 96 749</b>
<b>X. Tax Expenses:</b>			
Current Tax		-	-
Deferred Tax		4 37 508	- 21 99 884
Earlier Year Tax		1 72 241	-
<b>XI. Loss from the period from continuing operations(IX - X)</b>		<b>15 84 16 930</b>	<b>8 53 96 865</b>
<b>XII. EARNINGS PER SHARE (Face Value ₹ 10/-)</b>	26		
Basic		(1.05)	(0.57)
Diluted		(4.38)	(0.57)

Significant Accounting Policies  
The Accompanying Notes on Financial  
Statements

1  
2 to 30

As per our report of even date attached  
For Antima & Goel  
Chartered Accountants  
Firm Regn. No. 009062N

Sd/-  
R.B. Goel  
Partner  
Membership No. 086862

Place : New Delhi  
Date : 30.05.2012

For & on behalf of the Board

Sd/-  
N. Awatar  
Director

Sd/-  
R.P.Goyal  
Director



**NOVA IRON & STEEL LTD.**

**CASH FLOW STATEMENT FOR THE PERIOD ENDED 31st MARCH, 2012**

(Amount in ₹)

		Current Period		Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>NET PROFIT / (LOSS) BEFORE TAX</b>		<b>- 15 78 07 181</b>		<b>- 8 75 96 749</b>
<b>Adjustments for:</b>				
Depreciation	1 89 76 774		2 76 94 401	
Interest Expenses (Net)	2 97 37 743		70 36 650	
(Profit)/Loss on sale of Fixed Assets	-	4 87 14 517	2 77 528	3 50 08 579
<b>OPERATING PROFIT / (LOSS) BEFORE WORKING CAPITAL CHANGES</b>		<b>- 10 90 92 664</b>		<b>- 5 25 88 170</b>
<b>Adjustment for:</b>				
(Increase) / Decrease in trade and other receivables	-13 36 92 076		-1 03 35 474	
(Increase) / Decrease in investments	- 30 78 000		-	
(Increase) / Decrease in inventories	- 32 24 51 829		7 29 41 097	
Misc. Expenditure written off	24 13 125		3 57 500	
(Increase) / Decrease in trade and other payables	4 01 01 687	- 41 67 07 092	6 06 88 131	22 74 992
<b>NET CASH (USED IN) FROM OPERATING ACTIVITIES : A</b>		<b>- 52 57 99 757</b>		<b>- 5 03 13 178</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>				
Purchase of Fixed Assets	- 25 97 71 691		- 8 15 922	
(Increase) / Decrease in Capital Advances	- 3 78 44 300		-	
(Increase) / Decrease in Capital Work in Progress	- 1 28 69 456		-	
Sale of Fixed Assets	-		7 34 900	
Interest Received	34 24 134	- 30 70 61 313	32 05 318	31 24 296
<b>NET CASH (USED IN) FROM INVESTING ACTIVITIES : B</b>		<b>- 30 70 61 313</b>		<b>31 24 296</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>				
Interest Paid		- 3 31 61 877		- 1 02 41 968
Proceeds from Securities Premium Account		-		11 46 06 500
Proceeds from Short Term Borrowings (Net)		72 71 42 979		- 7 29 169
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES : C</b>		<b>69 39 81 102</b>		<b>10 36 35 363</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)</b>		<b>- 13 88 79 968</b>		<b>5 64 46 481</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>21 37 94 356</b>		<b>15 73 47 875</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>7 49 14 388</b>		<b>21 37 94 356</b>

As per our report of even date attached

For & on behalf of the Board

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

Sd/-  
N. Awatar  
Director

Sd/-  
R.P.Goyal  
Director

Sd/-  
R.B.Goel  
Partner  
Membership No. 086862

Place : New Delhi  
Date : 30.05.2012



**NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES**

**(I) BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**(a) Basis of Accounting:**

The financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) in India and presented under the historical cost convention on accrual basis of accounting to comply with the accounting standards prescribed in the Companies (Accounting Standards) Rules, 2006 and with the relevant provisions of the Companies Act, 1956.

**(b) Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP) in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent liabilities on the date of financial statements and reported amounts of income and expenses during the period. Difference between the actual result and estimates are recognized in the period in which the results are known/ materialized.

**(c) Presentation and disclosures in financial statements:**

For the period ended 31st March, 2012, the revised Schedule VI notified under the Companies Act, 1956, has become applicable to the Company, for presentation and disclosures in the financial statements. The Company has reclassified the previous year's figures in accordance with the revised Schedule VI as applicable in the current period.

**(II) FIXED ASSETS**

**(a) Tangible Fixed Assets**

Fixed Assets are stated at cost, net of VAT/ MODVAT/ CENVAT, less accumulated depreciation. The costs comprises purchase price, borrowing costs relating to qualifying assets till commencement of commercial production and directly attributable cost of bringing the assets to its working condition for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing assets beyond its previously assessed standard of performance.

Machinery spares that can be used only in connection with an item of fixed asset and their use is expected to be irregular are capitalized. Replacement of such spares is charged to revenue. Capital expenditure on assets not owned by the company with exclusive right to use is reflected in capital work in progress till the period of completion and thereafter in fixed assets.

**(b) Assets in the Course of construction**

Assets in the Course of construction are reflected in capital work in progress. At the point when an asset is operating at management's intended use, the cost of construction is transferred to appropriate category of fixed assets. Costs associated with the commissioning of an asset are capitalized where the asset is available for use but incapable of operating at normal levels until a period of commissioning has been completed.

**(III) MISCELLANEOUS EXPENDITURE**

Public issue and deferred revenue expenditure are being written off over a period of ten years. Preliminary expenses have been written off during the year. This amounts to Change in Accounting Policy than the earlier one, when it was being written off over a period of Ten years. Due to this Change the loss for the reporting period is more by ₹ 21,45,000/- The change in an accounting policy is being made to Comply with the Revised Schedule VI and to disclose better presentation of the financial statements.

**(IV) IMPAIRMENT OF ASSETS**

Carrying amount of cash generating units / assets is reviewed for impairment, if events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If any such indication exists, the recoverable amount is estimated as higher of its net selling price and value in use. An impairment loss is recognized in the Statement of Profit and Loss, whenever the carrying amount of an asset/cash generating unit exceeds its recoverable amount.



**(V) 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 at the rate 25% per annum on written down method. Freehold Land is not depreciated. Leasehold land is being written off over the lease period.

**(VI) REVENUE RECOGNITION**

Revenue is recognized when it can be reliably measured and when all significant risks and rewards/ownership are transferred to the customer. Sales are inclusive of sales during trial run, excise duty and net of sales tax/vat. Interest income is recognized on accrual basis in the income statement. Expenditure is accounted for on accrual basis and provision is made for all known losses and liabilities.

**(VII) FOREIGN CURRENCY TRANSACTIONS**

Transactions denominated in foreign currencies are normally recorded at the exchange rates prevailing at the date of the transactions. Monetary items denominated in foreign currencies outstanding at the year-end are translated at the exchange rate applicable as on that date. Non monetary items are valued at the exchange rate prevailing on the date of transaction.

From accounting periods commencing on or after 7 December 2006, the company accounts for exchange differences arising on translation/settlement of foreign currency monetary items as follows:

- (i) Exchange differences relating to long-term monetary items, arising during the year, in so far as they relate to the acquisition of depreciable capital assets are added to/deducted from the cost of asset and depreciated over the remaining useful life of the asset.
- (ii) All other exchange differences are recognized as income or expenses in the Statement of Profit and Loss in the period in which they arise.

**(VIII) INVESTMENTS**

Investments are classified into current and long-term investments. Current investments except for current maturities of long term investments are stated at the lower of cost and quoted/ fair value. Long term investments are stated at cost less any provision for other than temporary diminution in value.

**(IX) INVENTORY VALUATION**

Inventories are valued at lower of cost or net realizable value except scrap which is valued at net realizable value. The cost is determined by using first-in-first-out (FIFO) method. Finished goods and work-in progress include costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Excise duty on closing stock of finished goods and scrap are accounted for on the basis of payments made in respect of goods cleared as also provision made for goods lying in the factory and included in the value of such stocks.

**(X) INCOME TAX**

Provision for current income tax is made after taking credit for allowances and exemptions. In case of matters under appeal, due to disallowance or otherwise, provision is made when the said liabilities are accepted by the Company.

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 recognized 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 statement of Profit and Loss 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.





**(XI) BORROWING COST**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest cost.

Borrowing Cost that are attributable to the acquisition or construction of qualifying assets are capitalised as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are expensed in the Statement of Profit and Loss in the period they occur.

**(XII) MODVAT / CENVAT / VAT**

Modvat/ Cenvat/ VAT claimed on capital assets is credited to assets / capital work in progress account. Modvat/ Cenvat/ VAT on purchase of raw materials and other materials are deducted from the cost of such materials.

**(XIII) CLAIMS**

Claims receivable are accounted for depending on the certainty of receipt and claims payable are accounted at the time of acceptance.

**(XIV) RETIREMENT/POST RETIREMENT BENEFITS**

- (a) Short term employee benefits are recognized as an expense at the undiscounted amount in the year in which related service is rendered.
- (b) The Company has defined contribution plan for post retirement benefits, namely Employees Provident Fund scheme administered through provident Fund Commissioner. The Company's contribution is charged to revenue every year.
- (c) Leave Encashment is accounted for on accrual basis and charged to the statement of Profit and Loss in the year in which employee has rendered services.
- (d) Provision for Gratuity has been made in the books of Accounts, 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.

**(XV) PROVISIONS**

Show cause notices issued by various government authorities are not considered as obligation. When the demand notice are raised against such show cause notice and are disputed by the Company then these are classified as possible obligations.

Provisions involving substantial degree of estimation in measurement are recognised when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.

**(XVI) CONTINGENT LAIBILITIES & COMMITMENTS**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non occurrence of one or more uncertain future events beyond the control of the company. Where the potential liabilities have a low probability of crystallizing or are very difficult to quantify reliably, these are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not provided for in the financial statements, although there can be no assurance regarding the final outcome of the legal proceedings, the company does not expect them to have a materially adverse impact on the financial position or profitability.

**(XVII) DEFERRED TAX**

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. In case of unabsorbed depreciation and 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 realized.

At each Balance Sheet date, the company reassesses unrecognized deferred tax assets. It recognised unrealized 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 realized.



Notes on Financial Statements As At 31st March, 2012

(Amount in ₹)

PARTICULARS	As at 31.03.2012	As at 30.06.2011
<b>NOTE 2 : SHARE CAPITAL</b>		
<b>(A) Authorised Capital :</b>		
16,00,00,000 Equity Shares of ₹ 10/- each (Previous year 16,00,00,000 Equity Shares of ₹ 10/- each)	1 60 00 00 000	1 60 00 00 000
<b>(B) Issued, Subscribed and Paid up Capital :</b>		
<b>Issued:</b>		
15,50,00,000 Equity Shares of ₹ 10/- each (Previous year 15,50,00,000 Equity Shares of ₹ 10/- each)	1 55 00 00 000	1 55 00 00 000
<b>TOTAL :</b>	<b>1 55 00 00 000</b>	<b>1 55 00 00 000</b>
<b>Subscribed &amp; Paid Up:</b>		
15,05,81,200 Equity Shares of ₹ 10/- each Add: Amount of Forfeited Shares 44,18,800 (Previous Year 44,18,800) Equity Shares of ₹ 10/- each	1 50 58 12 000 1 38 00 000	1 50 58 12 000 1 38 00 000
<b>TOTAL :</b>	<b>1 51 96 12 000</b>	<b>1 51 96 12 000</b>

**(C) Reconciliation of number of Equity Shares outstanding at the Beginning and at the end of the reporting period:**

Equity Shares:	No. of Shares	Amount(₹)	No. of Shares	(Amount in ₹)
No. of Shares Outstanding at Beginning of Period	15 05 81 200	1 50 58 12 000	15 05 81 200	1 50 58 12 000
Add: Further Issue During the Period	Nil	Nil	Nil	Nil
No. of Shares Outstanding at End of Period	15 05 81 200	1 50 58 12 000	15 05 81 200	1 50 58 12 000

**(D) Details of Shareholders holding more than 5 percent (No of Shares):**

Name of the Shareholders	As at 31.03.2012		As at 30.06.2011	
	% Held	No. of Shares	% Held	No. of Shares
1 Sh. R.K. Gambhir	5.66	85 29 500	5.66	85 29 500
2 Sh. G.K. Gambhir	5.66	85 29 500	5.66	85 29 500
3 Master Capital Services Ltd.	6.29	94 77 453	Nil	Nil
4 (a) Bhushan Power & Steel Ltd.	28.15	4 23 95 777	23.04	3 46 86 200
(b) Ambey Steel & Power P. Ltd.	27.57	4 15 11 000	27.57	4 15 11 000

**(E) Bonus Shares / Buy Back/ Shares for consideration other than cash allotted as fully paid up pursuant to contracts during past five years: NIL**

**(F) Details of Forfeited shares :**

	As at 31.03.2012		As at 30.06.2011	
	No. of Shares	Value	No. of Shares	Value
1 Equity Share of ₹ 10/- each	44 18 800	1 38 00 000	44 18 800	1 38 00 000



## NOVA IRON & STEEL LTD.

(Amount in ₹)

PARTICULARS	As at 31.03.2012	As at 30.06.2011
<b>NOTE 3 : RESERVES &amp; SURPLUS</b>		
<b>(A) Securities Premium Account:</b>		
Balance at Beginning of Period.	22 97 73 000	11 51 73 000
Add: Addition during the Period	-	11 46 00 000
<b>Closing Balance</b>	<b>22 97 73 000</b>	<b>22 97 73 000</b>
<b>(B) Surplus</b>		
Balance at beginning of Period	- 1 30 71 35 444	- 1 22 1738 579
Add: Loss for the Period	- 15 84 16 930	- 8 53 96 865
<b>Closing Balance</b>	<b>- 1 46 55 52 374</b>	<b>- 130 71 35 444</b>
<b>TOTAL :</b>	<b>- 1 23 57 79 374</b>	<b>- 1 07 73 62 444</b>
<b>NOTE 4 : OTHER LONG-TERM LIABILITIES</b>		
Trade Payables	-	-
Others		
Interest on Entry Tax Payable	1 01 16 798	1 01 16 798
Security Deposits	2 04 968	3 12 229
<b>TOTAL :</b>	<b>1 03 21 766</b>	<b>1 04 29 027</b>
<b>NOTE 5 : LONG-TERM PROVISIONS</b>		
Provision for employee benefits		
Gratuity	63 78 694	65 23 969
Earned Leave Encashment	17 17 707	15 44 055
<b>TOTAL :</b>	<b>80 96 401</b>	<b>80 68 024</b>
<b>NOTE 6 : SHORT-TERM BORROWINGS</b>		
<b>Unsecured:</b>		
<b>(a) Loans Repayable on Demand</b>		
From Banks:	-	4 46 348
<b>(b) Loans and Advances from related parties</b>		
Loans From Corporates	73 09 89 327	34 00 000
<b>TOTAL :</b>	<b>73 09 89 327</b>	<b>38 46 348</b>
<b>(c) Terms of Repayment: The Unsecured Loans are at 12% p.a. Interest and are repayable of Demand.</b>		
<b>(d) Details of Defaults on repayment of long-term Loans and Interest there of:</b>	Nil	Nil
<b>NOTE 7 : TRADE PAYABLES</b>		
Trade Payables	3 76 15 894	16 61 067
<b>TOTAL :</b>	<b>3 76 15 894</b>	<b>16 61 067</b>
<b>NOTE 8 : OTHER CURRENT LIABILITIES</b>		
<b>Other Payables</b>		
Service Tax Payable	21 63 303	21 39 803
Entry Tax Payable	2 93 36 716	3 12 97 502
Expenses Payable	66 49 897	66 95 123
Audit Fees Payable	1 55 110	2 53 690
Other Statutory Dues payable	38 99 143	12 566
Excise duty Payable	15 30 204	-
Employees Credit Balance	21 11 591	67 957
VAT Payable	-	11 53 580
Advances from Customers	-	-
<b>TOTAL :</b>	<b>4 58 45 964</b>	<b>4 16 20 221</b>



NOTE 9 : FIXED ASSETS

(Amount in ₹)

DESCRIPTION OF FIXED ASSETS :	GROSS BLOCK				DEPRECIATION / AMORTISATION				NET BLOCK	
	AS AT 01.07.2011	ADDITIONS	DEDUCTION/ ADJUSTMENT	AS AT 31.03.2012	AS AT 30.06.2011	FOR THE PERIOD	DEDUCTION/ ADJUSTMENT	TOTAL UPTO 31.03.2012	AS AT 31.03.2012	AS AT 30.06.2011
<b>TANGIBLE ASSETS:</b>										
<b>OWN ASSETS:</b>										
LAND-LEASEHOLD	67 00 507	-	-	67 00 507	5 67 694	56 079	-	6 23 773	60 76 734	61 32 813
- FREE HOLD	28 10 330	23 57 02 422	-	23 85 12 752	-	-	-	-	23 85 12 752	28 10 330
BUILDING	42 22 28 851	-	-	42 22 28 851	29 91 87 631	62 30 793	-	30 54 18 424	11 68 10 427	12 30 41 220
PLANT & EQUIPMENT	1 72 65 16 887	1 85 02 912	-	1 74 50 19 799	1 67 99 60 011	1 03 39 529	-	1 69 02 99 540	5 47 20 259	4 65 56 876
RAILWAYSIDING	2 14 77 461	-	-	2 14 77 461	95 24 449	12 52 692	-	1 07 77 141	1 07 00 320	1 19 53 012
OFFICE EQUIPMENTS	1 06 96 626	17 37 115	-	1 24 33 741	89 04 700	4 25 442	-	93 30 142	31 03 599	17 91 926
FURNITURE & FIXTURES	2 31 24 024	8 41 846	-	2 39 65 870	2 20 99 635	1 95 125	-	2 22 94 760	16 71 110	10 24 389
VEHICLES	58 40 251	29 87 396	-	88 27 647	46 35 318	4 77 113	-	51 12 431	37-15 216	12 04 934
<b>TOTAL :</b>	<b>2 21 93 94 937</b>	<b>25 97 71 691</b>	<b>-</b>	<b>2 47 91 66 628</b>	<b>2 02 48 79 438</b>	<b>1 89 76 773</b>	<b>-</b>	<b>2 04 38 56 211</b>	<b>43 53 10 417</b>	<b>19 45 15 500</b>
<b>PREVIOUS YEAR BALANCE</b>	<b>2 22 05 14 159</b>	<b>18 97 900</b>	<b>30 17 122</b>	<b>2 21 93 94 938</b>	<b>1 99 91 89 731</b>	<b>2 76 94 401</b>	<b>20 04 694</b>	<b>2 02 48 79 438</b>	<b>-</b>	<b>-</b>
<b>CAPITAL WORK IN PROGRESS</b>									<b>1 28 69 456</b>	<b>-</b>



# NOVA IRON & STEEL LTD.

(Amount in ₹)

PARTICULARS	As at 31.03.2012	As at 30.06.2011
<b>NOTE 10 : NON CURRENT INVESTMENTS</b>		
Non Traded, Unquoted (At Cost)		
Adarsh Info Tech. P. Ltd., Chandigarh	22 38 000	-
223800 ( Previous Year Nil ) Shares of ₹ 10/- each	8 40 000	-
Prudent Transport Co. P. Ltd., Chandigarh		
28000 ( Previous Year Nil ) Shares of ₹ 30/- each		
<b>TOTAL :</b>	<b>30 78 000</b>	<b>-</b>
<b>NOTE 11 : DEFERRED TAX ASSETS (NET)</b>		
The break up of deferred tax assets and liabilities into major components arising on account of timing differences at the period end are as below:-		
<b>Opening Deferred Tax Assets</b>	1 02 75 722	80 75 838
<b>Deferred Tax Assets on account of :</b>		
Related to fixed assets	10 27 708	20 94 973
Amortisation of Expenses	6 66 948	-
<b>Disallowance under the Income Tax Act 1961</b>		
(a) Accrued Compensation to Employees	56 341	3 02 621
<b>Deferred Tax Liabilities on account of :</b>		
<b>Allowance under the Income Tax Act 1961</b>		
(a) Accrued Compensation to Employees	47 134	44 298
(b) Others	21 41 371	1 53 412
<b>Deferred Tax (Liabilities) / Assets During the period</b>	<b>- 4 37 508</b>	<b>21 99 884</b>
<b>Net Deferred Tax as at 31.03.2012</b>	<b>98 38 214</b>	<b>1 02 75 722</b>
<b>NOTE 12 : LONG-TERM LOAN AND ADVANCES</b>		
<b>Unsecured and considered good</b>		
Capital Advances	3 78 44 300	-
Security Deposits		1 25 002
Lease Rent Security	1 25 002	61 55 865
With Government Departments	1 54 84 290	30 000
Others	66 000	63 10 867
Loans & Advance to related parties		
Other Loans and Advances	15 67 723	12 05 308
Advance Tax		1 72 241
Fringe Benefit Tax	17 57 316	17 57 316
Balance With Excise Dept	2 00 000	2 00 000
Balance With Income Tax		
<b>TOTAL :</b>	<b>5 70 44 631</b>	<b>96 45 732</b>
<b>NOTE 13 : OTHER NON-CURRENT ASSETS</b>		
<b>Unsecured and considered good</b>		
Others		
Misc. Expenditure (To the extent not written off or adjusted) (Preliminary Expenses)	24 13 125	27 70 625
Less : Amount Written Off.	24 13 125	3 57 500
(Refer Note No - III in Accounting Policies )		<b>24 13 125</b>



# NOVA IRON & STEEL LTD.

(Amount in ₹)

PARTICULARS	As at 31.03.2012	As at 30.06.2011
<b>NOTE 14 : INVENTORIES</b>		
<b>(A) Inventories</b>		
<b>(Lower of cost or Net Realisable Value, Except Scrap &amp; Waste at NRV)</b>		
Raw Materials	26 89 51 964	-
Stock in Progress	33 22 800	-
Finished Goods	1 39 08 906	-
Scrap & Waste	1 77 52 328	33 10 508
Stores and Spares	1 18 63 841	97 29 468
Diesel	12 31 972	-
Packing Material	11 93 041	-
<b>TOTAL :</b>	<b>31 82 24 852</b>	<b>1 30 39 976</b>
<b>(B) Goods in Transit</b>		
<b>Stock In Transit:</b>		
Raw Material	1 72 66 953	-
<b>TOTAL :</b>	<b>33 54 91 805</b>	<b>1 30 39 976</b>
<b>NOTE 15 : TRADE RECEIVABLES</b>		
<b>Unsecured and considered good</b>		
Outstanding for more than 6 months from due date	-	-
Others	1 66 015	-
<b>TOTAL :</b>	<b>1 66 015</b>	<b>-</b>
<b>NOTE 16 : CASH &amp; CASH EQUIVALENTS</b>		
Cash on Hand	15 00 578	2 33 05 668
Cheques, Drafts on Hand	3 55 86 000	-
Balances with Scheduled Banks		
In Current Accounts	3 78 01 640	3 51 565
Other Bank Balance		
Deposit with more than 12 Months Maturity (Including Interest Accrued) (Under lien ₹ 26170/-)	26 170	19 01 37 123
<b>TOTAL :</b>	<b>7 49 14 388</b>	<b>21 37 94 356</b>
<b>NOTE 17 : SHORT-TERM LOANS &amp; ADVANCES</b>		
<b>(A) Unsecured and considered good</b>		
Loans & Advance to related parties	-	-
Other Loans and Advances	-	12 56 085
Others		
Prepaid Expenses	5 58 213	4 63 673
Advances to Suppliers	16 65 12 230	6 07 00 000
Advances Recoverable	1 44 54 381	61 115
Advances to Employees	8 67 634	82 358
Interest Recoverable	3 46 146	99 227
Balance of Modvat/Cenvat/Service Tax	52 50 448	15 06 774
Prepaid Taxes	-	20 600
<b>TOTAL :</b>	<b>18 79 89 052</b>	<b>6 41 89 832</b>
<b>(B) With reference to the Loans and advances due by directors or other officers of the company, Mrs Anuradha Tandon company secretary has been granted Unsecured Loan of ₹ 4,00,000/- . Outstanding as on 31.3.12 is Rs.3,26,881/-</b>		



# NOVA IRON & STEEL LTD.

(Amount in ₹)

PARTICULARS	As at 31.03.2012	As at 30.06.2011
<b>NOTE 18 : REVENUE FROM OPERATIONS</b>		
Sales including excise duty	80 07 73 274	8 11 20 091
<b>TOTAL :</b>	<b>80 07 73 274</b>	<b>8 11 20 091</b>
<b>NOTE 19 : OTHER INCOME</b>		
Interest Income	34 24 134	32 05 318
Other Non Operating Revenues (Net of Expenses)	4 95 18 968	-
Miscellaneous Income	12 850	32 91 096
<b>TOTAL :</b>	<b>5 29 55 952</b>	<b>64 96 414</b>
<b>NOTE 20 : COST OF MATERIALS CONSUMED:</b>		
Raw Material Consumed	83 47 34 234	4 64 61 622
<b>TOTAL :</b>	<b>83 47 34 234</b>	<b>4 64 61 622</b>
<b>NOTE 21 : CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK IN PROGRESS AND STOCK IN TRADE:-</b>		
<b>Inventories (at closing)</b>		
Finished Goods	1 39 08 906	-
Stock in Process	33 22 800	-
Scrap	1 77 52 328	33 10 508
	<b>3 49 84 034</b>	<b>33 10 508</b>
<b>Inventories (at beginning)</b>		
Finished Goods	-	29 07 039
Stock in Process	-	5 73 750
Scrap	33 10 508	55 21 845
	<b>33 10 508</b>	<b>90 02 634</b>
<b>(INCREASE) / DECREASE IN CLOSING STOCK</b>	<b>- 3 16 73 526</b>	<b>56 92 126</b>
<b>NOTE 22 : EMPLOYEE BENEFITS EXPENSES:</b>		
Salaries & Wages	2 29 90 305	3 27 58 826
Contribution to Provident and Other Funds	10 32 201	15 57 927
Staff Welfare Expenses	13 61 765	3 06 860
<b>TOTAL :</b>	<b>2 53 84 271</b>	<b>3 46 23 613</b>
<b>NOTE 23 : FINANCE COSTS:</b>		
Interest Expense	3 31 61 877	1 02 41 968
<b>TOTAL :</b>	<b>3 31 61 877</b>	<b>1 02 41 968</b>
<b>NOTE 24 : DEPRECIATION &amp; AMORTIZATION EXPENSES:</b>		
Depreciation	1 89 76 774	2 76 94 401
Preliminary Expenses Written off (Refer Note No - III in Accounting Policies)	24 13 125	3 57 500
<b>TOTAL :</b>	<b>2 13 89 899</b>	<b>2 80 51 901</b>


**NOVA IRON & STEEL LTD.**
**(Amount in ₹)**

PARTICULARS	As at 31.03.2012	As at 30.06.2011
<b>NOTE 25 : OTHER EXPENSES:</b>		
Stores Consumed	41 89 791	1 04 224
Packing & Forwarding Charges	31 15 717	-
Repairs to Machinery	47 71 744	19 91 483
Electric Power, Fuel and Water	2 68 08 988	99 01 977
Excise Duty	15 30 204	-2 71 464
Lease Rent	3 88 979	5 67 898
Legal & Professional Charges	36 81 760	6 99 993
Insurance	1 95 304	2 92 229
Rates & Taxes	3 25 379	9 41 534
Travelling & Conveyance Expenses	3 54 635	36 02 520
<b>Payment to Auditors</b>		
Audit Fees	1 31 250	1 75 000
Tax Audit Fees	25 000	25 000
Company Law Matters	1 00 000	85 000
Out of Pocket Expenses	11 772	41 973
Advertisement Expenses	3 44 467	2 47 215
Printing & Stationery	4 07 620	2 38 913
Postage, Telegram & Telephone Exp	24 71 235	21 33 500
Other Miscellaneous Expenses	3 99 964	1 95 06 241
Prior Period Expenses (Net)	6 25 893	13 11 505
Bank Charges	25 979	3 76 140
Sitting Fee	15 000	20 000
General Expenses	1 18 451	-
Charity & Donation	1 001	-
<b>Repairs and Maintenance</b>		
Building	5 16 460	2 61 016
Vehicles	16 26 710	1 53 702
Office	-	3 59 128
Directors' Remuneration	-	10 23 166
Freight and Cartage	-	54 900
Material handling Charges	-	1 89 073
Rent	-	17 26 401
Rebates & Discounts	-	29 58 361
Loss on Sale of Assets	-	2 77 528
<b>TOTAL :</b>	<b>5 21 83 303</b>	<b>4 89 94 156</b>
<b>NOTE 26 : EARNING PER SHARE (EPS)</b>		
<b>(A) Basic EPS:</b>		
(i) -Net Loss	- 15 84 16 930	- 8 53 96 865
(ii) -Weighted average number of Equity Shares	15 05 81 200	15 05 81 200
<b>Basic EPS (₹) (i) / (ii)</b>	<b>(1.05)</b>	<b>(0.57)</b>
<b>(B) Diluted EPS :</b>		
(iii) Weighted average number of Equity Shares outstanding	3 61 39 488	15 05 81 200
Note : Due to Reduction in Capital and Subsequent Consolidation of Shares - approved by shareholders but subject to approval of Hon'ble High Court.		
<b>Diluted EPS (₹) (i) / (iii)</b>	<b>(4.38)</b>	<b>(0.57)</b>
<b>NOTE 27 : CONTINGENT LIABILITIES &amp; COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR):</b>		
<b>(A) Contingent liabilities.</b>		
Claims against the Company not acknowledged as debts(*)	6 11 24 000	5 92 08 000
Income Tax demands under appeal	18 70 000	18 70 000
Excise & Service Tax demand under dispute	75 52 102	75 52 102
Sales Tax (2004-05) Demand under Dispute	2 23 000	2 23 000
<b>(B) Commitments</b>		
Estimated amounts of contracts remaining to be executed on Capital account and not Provided for	16 86 84 333	-

**Other Commitments :**

(\*) 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.

Besides the above, the amount in respect of claims of interest etc. claimed by the parties cannot be quantified.





**NOTE 28 : RELATED PARTY TRANSACTIONS:**

		Relationship	
<b>(i) Key Managerial Personnel:</b>			
1) Sh. S.P.Maken (Upto 08.07.2011)		Ex -Whole Time Director	
2) Sh. T. Bhaskar (Upto 01.10.2010)		Ex -Whole Time Director	
3) Mrs. Santosh Maken		Relative of Ex-Director	
4) Sh. R.K. Gambhir		Ex-Director	
5) Sh. G.K.Gambhir		Relative of Ex-Director	
6) Anuradha Tandon ( Till 31.03.2012 )		Company Secretary	
<b>(ii) List of related parties with whom transactions have taken place</b>			
1) M/s Ambey Steel & Power P. Ltd.		Promoter Company	
2) M/s Bhushan Power & Steel Ltd		Promoter Company	
<b>(iii) Transactions with above related party as identified by the management, in accordance with Accounting Standard – 18. "Related Party Disclosures" are as follows:-</b>			
Name of the related party	Nature of Transactions	As At 31.03.12 (₹)	As At 30.06.11 (₹)
(i) M/s Bhushan Power & Steel Ltd	Sale of Finished Goods	80 04 40 451	Nil
(ii) M/s Bhushan Power & Steel Ltd	Purchase of Raw Material	13 19 77 496	Nil
(iii) M/s Bhushan Power & Steel Ltd	Loan Received	69 85 00 000	Nil
(iv) M/s Bhushan Power & Steel Ltd	Interest on Loan	3 20 14 918	Nil
(v) M/s Bhushan Power & Steel Ltd	Reimbursement of Expenses	1 44 500	Nil
(vi) Anuradha Tandon	Advance given	4 00 000	Nil
(vii) M/s Ambey Steel & Power P. Ltd.	Interest on Loan	3 06 557	Nil
(viii) M/s Ambey Steel & Power P. Ltd.	Loan Given	1 09 68 000	Nil
(ix) M/s Ambey Steel & Power P. Ltd.	Repayment of Loan	1 09 68 000	Nil
(x) M/s Ambey Steel & Power P. Ltd.	Share Premium received	Nil	8 04 82 000
(xi) Sh. S.P.Maken	Payment of Remuneration	Nil	6 70 000
	Reimbursement of Expenses	Nil	2 34 667
	Payment of Remuneration	Nil	90 000
(xii) Sh. T. Bhaskar	Reimbursement of Expenses	Nil	28 500
	House Rent	Nil	2 09 500
(xiii) Mrs. Santosh Maken	Share Premium received	Nil	1 70 59 000
(xiv) Sh. R.K.Gambhir	Share Premium received	Nil	1 70 59 000
(xv) Sh. G.K.Gambhir			
<b>Closing Balances</b>		<b>As on 31.03.2012 (₹)</b>	<b>As on 30.06.2011 (₹)</b>
(i) Bhushan Power & Steel Ltd.		57 736	Nil
Bhushan Power & Steel Ltd.		72 73 13 426	Nil
(ii) Ambey Steel & Power P. Ltd.		36 75 901	34 00 000
(iii) Anuradha Tandon		3 26 881	Nil

**Note : - Related party relationship is as indentified by the Company and relied upon by the auditors.**

**NOVA IRON & STEEL LTD.****NOTE 29 : OTHER ADDITIONAL INFORMATION**

(Amount in ₹)

**A: DETAIL OF OPENING STOCK, CLOSING STOCK AND SALES:**

Particulars	Value (₹) 31.03.2012	Value (₹) 30.06.2011
(i) <b>Opening Stock:</b>		
-Sponge Iron	-	29 07 039
(ii) <b>Closing Stock:</b>		
-Sponge Iron	1 39 08 906	-
(iii) <b>Turnover:</b>		
-Sponge Iron	79 28 46 334	35 69 419
-Others	79 26 940	7 75 50 672
	<b>80 07 73 274</b>	<b>8 11 20 091</b>
<b>B: CONSUMPTION OF RAW MATERIAL AND COMPONENTS:</b>		
<b>Raw Material Consumed</b>		
-Iron Ore / Pellets	56 21 60 762	-
-Coal	27 19 66 349	-
-Dolomite	6 07 123	-
	<b>83 47 34 234</b>	<b>-</b>
<b>C: C.I.F. VALUE OF IMPORTS:</b>		
-Iron Ore / Pellets	<b>Nil</b>	<b>Nil</b>
<b>D: VALUE OF IMPORTED AND INDIGENOUS RAW MATERIAL, SPARES AND COMPONENTS CONSUMED :</b>		
(i) <b>Raw Material</b>		
-Indigenous	83 47 34 234	4 64 61 622
(ii) <b>Stores &amp; Spares</b>		
-Indigenous	41 89 791	1 04 224
	<b>83 89 24 025</b>	<b>4 65 65 846</b>

**NOTE 30 : OTHER ADDITIONAL INFORMATIONS:**

- A. The accounts have been prepared for a period of 9 months i.e. from 1<sup>st</sup> July, 2011 to 31<sup>st</sup> March, 2012 and of previous year figures are of 12 month's period and hence Previous period figures are not comparable.
- B. 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.
- C. As per the Balance Sheet as on 30.06.2010, the net worth of the Company had eroded by more than 50% and the Company had become potentially Sick, with the approval of the Shareholders in the Extra Ordinary General Meeting held on 03.12.2010, a reference was filed with BIFR on 06.12.2010 under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985.
- D. In respect of amounts due to Micro, Small and Medium enterprises under "The Micro, Small and Medium Enterprises Development Act 2006", the Company has certified that as a policy the payment to suppliers is made within 30 days except in disputed cases.
- E. Balances on account of trade/other receivable, trade/other payables and loans and advances are subject to the confirmation and reconciliation with respective parties.
- F. The Company Shareholders in its EOGM held on 17.3.2012 has approved Reduction in Capital to wipe off the accumulated losses. The effect of such Reduction in Capital and Set off of accumulated losses shall be made in the Financial Statements, after the Scheme is approved by the Hon'ble High Court of Chhattisgarh.
- G. Previous year figures have been regrouped/reclassified to confirm to this year classification which is as per Revised Schedule VI. This adoption does not impact recognition and measurement principles followed of financial statements as at 30th June 2011.
- H. Notes No. 1 to 30 form an integral part of the accounts and has duly been authenticated.

As per our report of even date attached

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

Sd/-  
R.B.Goel  
Partner  
Membership No. 086862  
Place : New Delhi  
Date : 30.05.2012

Sd/-  
N. Awatar  
Director

For &amp; on behalf of the Board

Sd/-  
R.P.Goyal  
Director



# NOVA IRON & STEEL LIMITED

Regd. Office : Village Dagori, Tehsil Belha  
Distt. Bilaspur (Chhattisgarh) PIN 495224

## ATTENDANCE SLIP

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

I hereby record my presence at the 20th Annual General Meeting of the Company held at **Village Dagori, Tehsil-Belha, Distt. Bilaspur (Chhattisgarh) PIN-495 224**, on Wednesday the 26th day of September, 2012 at 3.00P.M.

(Signature of Shareholder / Proxy)

### IMPORTANT

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



# NOVA IRON & STEEL LIMITED

Regd. Office : Village Dagori, Tehsil Belha  
Distt. Bilaspur (Chhattisgarh) PIN 495224

## PROXY

- Registered Folio No. : ..... No. of Shares : .....
- Client ID ..... DP ID .....

I / We.....of.....  
being member/members of NOVA IRON & STEEL LIMITED, hereby appoint Mr./Mrs./Miss. ....  
.....of.....as my/our Proxy in my/our absence  
to attend and vote for me/us and on our behalf at the 20th Annual General Meeting of the Company to be held at  
Village Dagori, Tehsil-Belha, Distt. Bilaspur (Chhattisgarh) PIN-495224 on Wednesday the 26th day of  
September, 2012 at 3.00 P.M. and at any adjourned there of.

Signed his ..... day 'of ..... 2012

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

Affix 30  
Paise  
Revenue  
Stamp.

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**  
Corporate Office : 4th Floor, Tolstoy House  
15-17th Tolstoy Marg, Connaught Place,  
New Delhi-110001