

NOVA IRON & STEEL LIMITED



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17th
ANNUAL
REPORT
2008-2009



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NOVA IRON & STEEL LIMITED

17TH ANNUAL REPORT 2008-2009
Year ended 31st March, 2009

BOARD OF DIRECTORS

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

DIRECTOR-CUM - COMPANY SECRETARY

Mr. S.P. Maken

BANKERS

Bank of India

AUDITORS

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

CORPORATE OFFICE

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

PLANT & REGD. OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

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

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NOTICE

Notice is hereby given that the 17th Annual General Meeting of Nova Iron & Steel Limited will be held at the plant site & Regd. Office at Village Dagori, Tehsil Belha, District Bilaspur, Chattisgarh on Friday, the 25th September, 2009 at 12-30 P.M. to transact the following business :

ORDINARY BUSINESS

- To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2009 and the profit & loss Account of the Company for the year ended on that date and the reports of the Directors and Auditors thereon.
- To appoint a Director in place of Shri N. Awatar who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Shri M. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint Auditors of the Company and to fix their remuneration. M/s Antima & Goel, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

- To consider and if thought fit to pass with or without modification(s) the following resolution as an ordinary resolution:

"RESOLVED THAT Mr. Bhaskar Thatikonda who was appointed as an Additional Director of the Company w.e.f. 16-03-2009 and who ceases to hold office under section 260 of the Companies Act, 1956 be and is hereby appointed a Director of the Company"

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

"RESOLVED THAT pursuant to the provisions of Section 269, 198, 309, 314, Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such other approvals as may be required, the appointment of Sh. Bhaskar Thatikonda as a Whole Time Director of the Company, not liable to retire by rotation, for a period of 3 years w.e.f. 16.3.2009 be and is hereby approved on the following terms & conditions:

- Basic Salary Rs. 22,000/-** (Rupees Twenty Two Thousand only) per month
 - Spl. Allowance - Rs. 1,600/- P.M.
- Servant / Gardner Allowance - Rs. 4,800/- P.M.
- Books & Periodicals Allowance - Rs. 2,500/- P.M.
- Medical Allowance - Rs. 1,250/- P.M.
 - Reimbursement of Petrol expenses upto Rs. 9,500/- p.m. for use of Company's Car for the business of the Company.
 - Leave Travel Assistance - Subject to a maximum of One Month Salary per Annum.
 - Free use of telephone at residence for the business of the Company.
 - Contribution to Provident Fund, Superannuation Fund or Annuity Fund as per rules of the Company and to the extent these, singly or put together, are not taxable under the Income tax Act, 1961.
 - Encashment of leave(s) as per rules of the Company.
 - Gratuity as per rules of the Company."
- " In the event of loss or inadequacy of profit, Shri Bhaskar Thatikonda would be paid the remuneration as mentioned

hereinabove subject to the maximum limit as prescribed in schedule XIII of the Companies Act, 1956".

" RESOLVED FURTHER that the Board of Directors of the Company be and is hereby authorised to alter and vary the terms and conditions of appointment of Shri Bhaskar Thatikonda, as it may, from time to time, in its discretion deem fit."

By order of the Board

Place : New Delhi

(S.P. Maken)

Date : 20th August, 2009

Director & Company Secretary

NOTES :-

- 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.
- The Register of Members and the Share Transfer Books shall remain closed from 14-9-2009 to 25-9-2009 (both days inclusive).
- Members seeking information about the accounts are requested to write atleast 10 days before the date of the meeting so that it may be convenient to keep the information ready at the meeting.
- Members are requested to bring their copy of Annual Report at the Meeting.
- Members are requested to notify immediately any change in their addresses quoting their folio numbers.

ANNEXURE TO THE NOTICE

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

Items No. 5 & 6

A notice from a member proposing the candidature of Mr. Bhaskar Thatikonda as Director alongwith deposit of Rs.500/- (Rupees Five Hundred only) pursuant to the provisions of section 257 of the Companies Act, 1956 has been received by the Company.

Shri Bhaskar Thatikonda is B.Tech. (Mech.) and has about 32 years of experience in the steel industry. He is working with Nova Iron & Steel Ltd for the last 6 years and prior to his appointment as a Director w.e.f. 16-03-2009 he was working as Senior Vice President (Technical). As Director (Works) he will be in-charge of all activities relating to the plant operations at the plant site. In view of his vast relevant experience, he is quite suitable to the job.

The remuneration proposed is as per industry norms, compared to the size of the company, profile of the position, his own professional background and as approved by the Remuneration Committee of Directors in its meeting held on 6th March, 2009.

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

None of the Directors, except Mr. Bhaskar Thatikonda himself is interested in this Resolution.



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DIRECTORS' REPORT

Your Directors have pleasure in presenting the Seventeenth Annual Report together with Audited Accounts for the Year ended 31st March, 2009.

FINANCIAL RESULTS

	(2008-2009) (Rs. In Lakhs)	(2007-2008) (Rs. In Lakhs)
Total Income	25117.28	18466.67
Gross Profit / (Loss) before interest and depreciation	1626.27	295.95
Profit / (Loss) before depreciation	1586.76	266.86
Depreciation	278.50	294.60
Provision for Fringe Benefits Tax / Wealth Tax	3.43	3.06
Deferred Tax	(71.35)	---
Net Profit / (Loss) Transferred to Balance Sheet	1376.18	(30.80)

OPERATIONS & FUTURE OUTLOOK

With the approval of OTS and the Company having paid the entire OTS amount to the Banks/Financial Institutions, there are no Secured Loans and, therefore, there has been no interest liability during the year under review. As a result of this there has been an improvement in the operational results and, therefore, there has been a net profit of Rs. 13.76 crores during the year.

The real solution for the viability of operations, however, lies in the forward and backward integrations. The need of the hour is to have own captive mines; installation of power plant utilizing waste heat of kiln; expansion of production capacity; installation of furnace etc. However, in view of the over all economic slow down the efforts towards the execution of expansion plans have, for the time being, been put on hold.

DIVIDEND

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

DIRECTORS

In accordance with the provisions of Articles of Association of the Company, Sh. N.Awatar and Sh. M. Ramachandran, Directors retire by rotation and offer themselves for re-appointment.

Sh. A. Rajasekaran ceased to be a Whole Time Director, consequent upon his resignation w.e.f. 13-1-2009. He, however, continues to be on the Board of the Company as an independent Director.

Sh. Bhaskar Thatikonda was appointed as a Whole Time Director w.e.f. 16-03-2009 by the Board of Directors subject to the approval of the Shareholders.

AUDITORS

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

AUDITORS' REPORT ON THE ACCOUNTS

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

PUBLIC DEPOSITS

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

CORPORATE GOVERNANCE

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

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

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

- (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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit and loss of the Company for the period ended on that date ;
- (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.



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PARTICULARS RELATING TO EMPLOYEES

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

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

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

INDUSTRIAL RELATIONS

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

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

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

ACKNOWLEDGEMENTS

Your Directors convey their sincere thanks to the Bankers, Financial Institutions, 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 : 20th August, 2009

R.K.GAMBHIR
(Chairman)



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ANNEXURE –II TO DIRECTORS' REPORT

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

(A) CONSERVATION OF ENERGY:

I) Energy conservation measures taken:

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

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

- Provision of spare Inverter and motor For ID Fan Rs. 12.00 Lacs
- Provision for feeding of back flow coal into the system Rs. 11.00 Lacs

III) Impact of above measures:

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

Inverter for I.D. Fan and repair of Gas Ducting/ESP	360000 Kwh/annum
On account of Thermal Energy for using back flow coal	Rs.6.0 Lakh/annum

TECHNOLOGY ABSORPTION:

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

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

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

TOTAL FOREIGN EXCHANGE USED & EARNED (2008-09)

• Earned	: Nil
• CIF Value of Import	: Rs. 66.45 Lac
• Other Expenses	: Rs. 00.07 Lac
• Interest on Loans	: Nil

FORM B : RESEARCH AND DEVELOPMENT (R&D)

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

- Implementation of condition monitoring and predictive maintenance practices.
- Use of Iron Ore in the size of 4-18 mm instead of 5-18mm.
- utilization of ESP Dust for domestic fuel and Dolo Char for power generation.

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

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

3. FUTURE PLAN OF ACTION:

- Installation of Waste heat Recovery Boilers for Power generation.
- New Electrostatic Precipitator and Pulse Jet Bag Filter is being commissioned during the year, to achieve revised norms of Chattisgarh Environment Conservation Board (CECB).

4. EXPENDITURE ON R & D:

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

TECHNOLOGY ABSORPTION, ADOPTION & INNOVATION:

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



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CERTIFICATE

ANNEXURE - III

To The Members of Nova Iron & Steel Ltd.

We have examined the compliance of conditions of Corporate Governance by Nova Iron & Steel Ltd. ('the Company') for the year ended on 31st March, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The Company has complied the same materially.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, the Company has complied in material respects with the conditions of Corporate Governance, except as reported in the Corporate Governance report, as stipulated in the Listing Agreement.

We have been explained that no investor grievances remained un-attended for a period exceeding one month, as at 31st July, 2009 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**

Place : New Delhi
Date : 20th August, 2009

**(R.B.Goel)
Partner**



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ANNEXURE-I TO DIRECTORS' REPORT REPORT ON CORPORATE GOVERNANCE

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

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

BOARD OF DIRECTORS

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

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

Date of Board Meeting	R.K.Gambhir	N.Awatar	V.K.Sakhuja	S.P.Maken	M.Ramachandran	A. Rajasekaran	Bhaskar Thatikonda
30.04.2008	✓	✓	✓	✓	✓	X	-
14.06.2008	✓	✓	✓	✓	X	X	-
31.07.2008	✓	✓	✓	✓	X	X	-
31.10.2008	✓	✓	✓	✓	X	X	-
31.01.2009	✓	✓	✓	✓	X	X	-
16.03.2009	✓	✓	✓	✓	X	X	X

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

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

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

e) Sh. N. Awatar and Sh. M.Ramachandran are retiring by rotation and have offered themselves for re-appointment.

Sh. N. Awatar is a practicing Chartered Accountant and has a vast experience of about 49 years in Commerce & Industry. He is an independent Director on the Board.

Sh. M. Ramachandran is M. Tech and has an overall experience of more than 35 years in setting up, Management and Consultancy for Sponge Iron and Steel Projects. He is an independent Director on the Board.

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

(i) Executive Directors

S.No.	Name of the Director	Salary(Rs.)	Perquisites and Allowances(Rs.)	Period
1.	Mr. S.P. Maken	3,30,000	3,15,600	01/04/2008 to 31/03/2009
2.	Mr. A. Rajasekaran*	7,97,903	5,63,226	01/04/2008 to 12/01/2009
3.	Mr. Bhaskar Thatikonda	11,355	9,496	16/03/2009 to 31/03/2009

* Resigned as Whole Time Director w.e.f. 13-1-2009

(ii) Non-Executive Directors

S.No.	Name	Sitting Fee(Rs.)
1.	Mr. N. Awatar	10,000/- @ Rs. 1000/- per meeting of the Board or Committee except Share Transfer Committee Meetings.
2.	Mr. V.K. Sukhuja	10,000/- @ Rs. 1000/- per meeting of the Board or Committee except Share Transfer committee Meetings.



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(g) The terms of appointment of the Whole-time Directors are as per Shareholders' Resolutions. There are no separate contracts entered into with them.
There is no Stock option Scheme offered to them.

BOARD PROCEDURE

During the year under review 6 meetings of the Board were held. The intervening period between two Board Meetings was well within the maximum prescribed gap of three months.

Last Annual General Meeting was held on 23.09.2008 which was attended by Mr.N.Awatar and Mr. S.P.Maken, Directors.

CODE OF CONDUCT

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

CFO CERTIFICATION

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

AUDIT COMMITTEE

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

The Company Secretary is the Secretary of the Audit Committee.

The following are the members of the Audit Committee.

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

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

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

The following are the terms of reference of the Committee –

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. *Approval of payment to statutory auditors for any other services rendered by the statutory auditors.*
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. ***Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956***
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.



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7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. **To review the functioning of the Whistle Blower mechanism, in case the same is existing.**
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

The Audit Committee has had four Meetings during the year.

Attendance of Directors in the Audit Committee Meetings -

Date of Meeting	N. Awatar	V.K.Sakhuja	R.K. Gambhir
19.04.2008	✓	✓	✓
24.07.2008	✓	✓	✓
23.10.2008	✓	✓	✓
23.01.2009	✓	✓	✓

REMUNERATION COMMITTEE

Remuneration Committee consisting the following directors has been constituted –

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

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

SHAREHOLDERS' GRIEVANCES COMMITTEE

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

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

The Committee had 4 meetings during the year and were attended by all the three members.

SHARE TRANSFER COMMITTEE

Share Transfer Committee consisting the following directors has been constituted.

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

The Share Transfer Committee meetings are being held every fortnight.

GENERAL SHAREHOLDER INFORMATION

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

Since the last AGM, 194 Nos. complaints were received from various Shareholders and all of them have been replied/resolved satisfactorily. As on date there are no pending requests for Share Transfer.



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Since 26.12.2000 when the Company was covered in the compulsory demat list 29057 Nos. demat requests, involving 30060 Folios in respect of 23866400 Shares have been processed so far which is 24.43% of the total shares. The Company has been allotted ISIN No. INE 608-C 01018 by NSDL/CDSL.

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

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

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

Regd. Office of the Company

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

COMPLIANCE OFFICER AND CONTACT ADDRESS:

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

The shares of the Company are listed with the Stock Exchanges at Ahmedabad, Bombay, Calcutta, Delhi, Madras and with the National Stock Exchange. Annual Listing Fee for the Financial year 2008-2009 has not been paid to them due to paucity of funds, except to the Bombay Stock Exchange.

High/Low monthly price data quoted at Delhi Stock Exchange (Regional Exchange) – Rates not available because the trading of the shares at the Stock Exchanges is currently suspended. The Company has, however, initiated action for the revocation of suspension with the Bombay Stock Exchange and National Stock Exchange. Trading in the shares of the Company at the Bombay Stock Exchange is expected to resume shortly.

Next Annual General Meeting is being held on Friday, the 25th September, 2009 at 12-30 P.M. at the Registered Office of the Company. In this connection the Share Transfer Books and Register of Members shall remain closed from 14.09.2009 to 25.09.2009 (both days inclusive).

Distribution of Shareholding as on 31st July, 2009

Range	No. of Share Holders	No. of Shares	%
upto - 500	215930	31312436	32.05
501 - 1000	4082	3413949	3.49
1001 - 2000	1407	2186248	2.24
2001 - 3000	403	1028967	1.05
3001 - 4000	170	617220	0.63
4001 - 5000	195	934400	0.96
5001 - 10000	198	1508300	1.54
Above 10000	170	56698480	58.03
Total	222555	97700000	100.000



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Shareholding pattern as on 30th June, 2009.

Category	No. of Shares held	%
Promoters & Associates	2,91,00,000	29.79
Financial Institution(s)	52,70,400	5.39
Mutual Funds	1,00,54,800	10.29
NRIs	11,63,725	1.19
Private Corporate Bodies	90,35,984	9.25
General Public	4,30,75,091	44.09
Total	9,77,00,000	100.00

DISCLOSURES

a) Related party transactions

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

b) Compliances by the Company

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

Non-mandatory requirements have not been adopted for compliance.

Delegation of Authority to the Registrar & Share Transfer Agents.

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

GENERAL BODY MEETINGS

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

Meeting	Date	Time
16th AGM	23-09-2008	12-30 P.M.
15th AGM	29-09-2007	12-30 P.M.
14th AGM	22-09-2006	3-30 P.M.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

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

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

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

In view of the above, the outlook and future of Sponge Iron Industry does not appear to be encouraging. Manufacturing Sponge Iron and selling it as such does not seem to be a profitable business. The operations can be made viable only with a forward and backward integration. The need of the hour, therefore, is to have own captive mines; installation of power plant utilizing waste heat of the Kiln; expansion of production capacity; installation of furnace and manufacturing items of steel.

With the approval of OTS by the Financial Institutions/Banks and the Company having already paid the entire OTS amount, there are now no secured loans and thus no interest burden. The position has, therefore, improve to some extent and resultantly there has been a net profit of Rs. 13.76 crores during the year under review. However, in view of the prevailing over all dampening economic scenario the efforts towards the expansion plans and acquiring own captive mine have been slowed down.



NOVA R.G.
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NOVA IRON & STEEL LIMITED

AUDITOR'S REPORT

TO
THE MEMBERS OF
NOVA IRON & STEEL LTD.

We have audited the attached Balance Sheet of NOVA IRON & STEEL LIMITED as at 31st March, 2009, the Profit & Loss account and the Cash Flow Statement of the Company for the year ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

1. As required by the Companies (Auditors Report) Order, 2003 issued by the Government of India in terms of Section 227 (4A) of the Companies Act, 1956, as amended, we enclose in the Annexure hereto a statement on the matters specified in paragraphs 4 and 5 of the said order, to the extent applicable.
2. Further to our comments in the Annexure referred to in paragraph 1 above:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company, so far as appears from our examination of the books.
 - c) The Balance Sheet, Profit and Loss Account and the cash flow statement dealt with by this report are in agreement with the books of accounts.
 - d) In our opinion, the attached Balance Sheet, Profit & Loss account and the cash flow statement generally comply with the Accounting Standards, except otherwise wherever indicated, referred to in Sub Section (3C) of Section 211 of the Companies Act, 1956, to the extent applicable.
 - e) According to the information and explanation given to us and on the basis of written representation received from the Directors, taken on record by the Board of Directors, no director is disqualified as on 31.03.2009 from being appointed as a director in this Company.
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with significant accounting policies and Notes thereon in

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

- i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March, 2009 and:
- ii) In the case of the Profit and Loss Account, of the profit for the year ended on that date.
- iii) In the case of Cash Flow Statement, of the cash flow for the year ended on that date.

For ANTIMA & GOEL,
Chartered Accountants

(R.B. GOEL)
Partner

Place : New Delhi
Date : 20th August, 2009

ANNEXURE REFERRED TO IN PARAGRAPH 1 OF THE AUDITORS' REPORT OF EVEN DATE TO THE MEMBERS OF NOVA IRON & STEEL LIMITED ON THE ACCOUNTS FOR THE PERIOD ENDED 31ST MARCH, 2009.

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



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NOVA IRON & STEEL LIMITED

6. Based on the audit procedures applied by us and according to the information and explanations provided by the management, there are no transactions exceeding the value of Rupees five lacs in respect of any party in the financial year, that need to be entered in register maintained under section 301 of the Companies Act, 1956. Accordingly this clause is not applicable for the current year.
7. The Company has not accepted any deposits from public. No order was passed by Company Law Board or NCLT, RBI or any court or Tribunal.
8. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
9. According to the information and explanations given to us and to the best of our knowledge, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of Section 209 of the Companies Act, 1956 for the products of the Company.
10. According to the records of the Company examined by us, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection fund, Income Tax, Sales Tax, Wealth Tax, Custom Duty, Excise Duty, Cess, Entry Tax and other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amount payable in respect of Sales Tax, Custom Duty, Excise Duty, were outstanding, at the year end for a period of more than six months from the date they became payable except Entry Tax & Sales Tax amounting to Rs. 32491839/- & Rs.130328/- respectively (excluding interest payable there upon, if any). According to the records of the Company, there are no dues outstanding of Wealth Tax, Custom Duty, Cess etc. on account of any dispute, Except Sales Tax, Income Tax and Excise Duty, as per details given below.

Nature of statute	Nature of Dues	Amount (Rs.)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Modvat Credit disallowed	Rs. 72.63 Lacs plus Penalty	A.Y. 2004-05	Appeal filed with Custom Excise & Service Tax Appellate Tribunal New Delhi, hearing awaited
Income Tax	Demand	Rs. 18.70 Lacs	A.Y. 1994-95	Appeal pending before ITAT
Sales Tax	Demand	Rs. 2.23 Lacs	A.Y. 2004-05	Commissioner of Commercial Tax.
Excise Duty	Demand	Rs. 2.90 Lacs	A.Y. 2007-09	Commissioner Central Excise.

11. The company has accumulated losses at the end of the financial year that exceeds 100% Net worth of the Company (excluding share application money received) and it has earned cash profit in the current year and in the immediately preceding financial year. The Company is a Sick Industrial Company within the meaning of Section 3(1)(0) of the Sick Industrial Companies (Special Provisions) Act, 1985 and has been registered with the Board for Industrial & Financial Reconstruction as a Sick Industrial unit w. e. f. 23rd June, 1998.

12. According to the information and explanations given to us and to the best of our knowledge the Company has not defaulted in repayment of both principal and interest to any financial institutions or banks or debenture holders during the year.
13. According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
14. In our opinion and according to the information and explanations given to us, the nature of activities of the Company does not attract any special statute applicable to chit fund and nidhi/ mutual benefit fund/ societies.
15. The Company is not chit fund or a nidhi/mutual benefit fund/ society.
16. The Company has not dealt or traded in shares, securities, debentures and other investments.
17. According to the information and explanations given to us, the Company has not given any guarantee for loans taken by its subsidiaries and associates from banks or financial institutions during the current year.
18. Based on information and explanations given to us by the management, no term loans were obtained during the current year.
19. According to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment by the Company.
20. 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. However, the company has received Share application money and is in the process of allotting shares, after taking necessary statutory approvals, which is not prejudicial to the interest of the Company. The Company has not issued any debentures.
21. The Company has not issued any secured Debentures during the year and there are no outstanding Debenture as on the Balance Sheet date for which security need to be created.
22. The Company has not raised any money through a public issue during the year, except receipt of share application money. The last Public issue by the Company was made in 1994 and as infromed to us, the Company had then disclosed the end use of the money raised in the public issue.
23. Based upon the audit procedures performed and infromation and explanations given by the management, wer report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For ANTIMA & GOEL
Chartered Accountants

(R.B.Goel)
Partner

Place : New Delhi.
Date : 20th August, 2009



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NOVA IRON & STEEL LIMITED

BALANCE SHEET AS AT 31ST MARCH, 2009

	SCHEDULE	AS AT 31ST MARCH, 2009		AS AT 31ST MARCH, 2008	
		Rs.	Rs.	Rs.	Rs.
SOURCES OF FUNDS					
Share Capital	1	945932185.40		945932185.40	
Share Application Money (Pending Allotment)		573000000.00		474603720.00	
Reserves & Surplus	2	—	1518932185.40	—	1420535905.40
Loan Funds					
Secured Loans	3	0.00		100181434.00	
Unsecured Loans	4	2585156.00	2585156.00	23827960.00	124009394.00
			<u>1521517341.40</u>		<u>1544545299.40</u>
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block	5	2180865907.25		2171474503.76	
Less : Depreciation		1962442670.15		1934665410.88	
Net Block		218423237.10		236809092.88	
Capital Work in Progress		35871089.00		40313.00	
			254294326.10		236849405.88
Deferred Tax Assets			7135093.37		0.00
Investments					
Current Assets, Loans and Advances					
Inventories	6	104198492.93		128399161.29	
Sundry Debtors	7	94598751.58		78149778.58	
Cash & Bank Balances	8	18547523.46		21149568.56	
Loans & Advances	9	135414801.41		131840057.22	
		<u>352759569.38</u>		<u>359538565.65</u>	
Less : Current Liabilities & Provision					
Current Liabilities	10	216409969.25		312206747.88	
Provision	11	12026805.00		9801054.00	
		<u>228436774.25</u>		<u>322007801.88</u>	
Net Current Assets			124322795.13		37530763.77
Miscellaneous Expenditure (To the extent not written off or adjusted)	12		3217500.00		0.00
Profit & Loss Account			<u>1132547626.80</u>		<u>1270165129.75</u>
			<u>1521517341.40</u>		<u>1544545299.40</u>

Notes to the accounts 19
Per our report of even date

For & on behalf of the Board

For Antima & Goel
Chartered Accountants

R.K.Gambhir N. Awatar
Chairman Director

R.B. Goel
Partner

S.P.Maken
Director and Company Secretary

Place : New Delhi
Date : 20th August, 2009

Bhanu Parkash
Sr. G.M.(Accounts)



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NOVA IRON & STEEL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD FROM 1ST APRIL 2008 TO 31ST MARCH, 2009

	SCHEDULE	CURRENT YEAR Rs.	PREVIOUS YEAR Rs.
INCOME			
Sales	13	2510227952.00	1845968265.00
Other Income	14	1499640.74	698016.72
Increase/(Decrease) in Stock	15	1844375.00	(9065375.00)
		2513571967.74	1837600906.72
EXPENDITURE			
Manufacturing and Other Expenses	16	2350587248.59	1808005933.87
Interest and Financial Charges	17	3951686.69	2909490.65
Miscellaneous Expenditure Written Off	18	357500.00	0.00
		2354896435.28	1810915424.52
Profit / (Loss) before depreciation		158675532.46	26685482.20
Depreciation		27850325.88	29459851.75
Profit / (Loss) before tax		130825206.58	(2774369.55)
Fringe Benefit Tax	450000.00		450000.00
Provision for FBT of earlier year written back	(59820.00)	390180.00	(144192.00) 305808.00
Wealth Tax	10000.00		0.00
Provision for Wealth Tax of earlier years written back	(57383.00)	(47383.00)	0.00 0.00
Deferred Tax		(7135093.37)	0.00
Profit / (Loss) before extraordinary items		137617502.95	(3080177.55)
Extraordinary Items			
Interest Payable written back	0.00		8267515270.09
Amount written back	0.00	0.00	670134214.07 8937649484.16
Net Profit / (Loss) after tax & extraordinary items		137617502.95	8934569306.61
Profit / (Loss) brought forward		(1270165129.75)	(10204734436.36)
Profit / (Loss) carried over to Balance Sheet		(1132547626.80)	(1270165129.75)

Notes to the accounts

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Per our report of even date

For & on behalf of the Board

For Antima & Goel
Chartered Accountants

R.K.Gambhir Chairman
N. Awatar Director

R.B. Goel
Partner

S.P.Maken
Director and Company Secretary

Place : New Delhi
Date : 20th August, 2009

Bhanu Parkash
Sr. G.M.(Accounts)



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NOVA IRON & STEEL LIMITED

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH, 2009

	AS AT 31ST MARCH, 2009 RS	AS AT 31ST MARCH, 2008 RS
SCHEDULE - 1		
SHARE CAPITAL		
Authorised 16,00,00,000 (Previous year - 10,50,00,000) Equity Shares of Rs. 10/- each	1600000000.00	1050000000.00
Issued, subscribed & paid up 9,77,00,000 Equity Shares of Rs. 10/- each Less : Calls unpaid by others	977000000.00 31067814.60	977000000.00 31067814.60
	<u>945932185.40</u>	<u>945932185.40</u>
Share Application Money (Pending Allotment)	573000000.00	474603720.00
SCHEDULE - 2		
RESERVES & SURPLUS		
Surplus in Profit & Loss account	0.00	0.00
	<u>0.00</u>	<u>0.00</u>
SCHEDULE - 3		
SECURED LOANS		
19% Non Convertible Debentures of Rs. 100/- each fully paid up	0.00	63877384.00
Interest accrued & due on above	0.00	0.00
20% Non Convertible Debentures of Rs. 100/- each fully paid up	0.00	7354891.00
Interest accrued & due on above	0.00	0.00
From Financial Institutions		
Term Loans	0.00	0.00
Interest accrued & due on above	0.00	0.00
Short term loans	0.00	0.00
Interest accrued & due on above	0.00	0.00
From Banks		
Buyer's credit from BHF Bank, Germany	0.00	25465542.00
Interest accrued & due on above	0.00	0.00
Working Capital facilities	0.00	3483617.00
Interest accrued & due on above	0.00	0.00
	<u>0.00</u>	<u>100181434.00</u>

Notes :

Entire money as per OTS has since been paid to all the Banks/Financial Institution and all obligations under the Personal /Corporate Guarantees stand discharged.



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NOVA IRON & STEEL LIMITED

	AS AT 31ST MARCH, 2009 RS.	AS AT 31ST MARCH, 2008 RS.
SCHEDULE - 4		
UNSECURED LOANS		
Other Loans and Advances		
From Others	2585156.00	23827960.00
	2585156.00	23827960.00

SCHEDULE - 5 FIXED ASSETS

(Figures in Rupees)

Description	Gross Block			Depreciation			Net Block		
	As at 31st March, 2008 Rs.	Additions/ (Deductions) Rs.	Upto 31st Mar., 2009 Rs.	Upto 31st Mar., 2008 Rs.	For the Period Rs.	Adjust- ment Rs.	Upto 31st Mar., 2009 Rs.	As at 31st Mar., 2009 Rs.	As at 31st Mar., 2008 Rs.
Land (Leasehold)	6700507.41		6700507.41	326665.00	74163.00		400828.00	6299679.41	6373842.41
(Freehold)	967729.60	0.00	967729.60	0.00	0.00		0.00	967729.60	967729.60
Building	422228851.01	0.00	422228851.01	267112965.14	10743780.36		277856745.50	144372105.51	155115885.87
Plant & Machinery	1677869622.01	8526227.10	1686395849.11	1630281984.11	12997654.73		1643279638.84	43116210.27	47587637.90
Railway Siding	23410941.00	(1933480.00)	21477461.00	1957627.52	2715208.84		4672836.36	16804624.64	21453313.48
Office Equipments	10566011.98	464748.00 (41727.61)	10989032.37	8004854.55	462477.91	(35924.42)	8431408.04	2557624.33	2561157.43
Furniture & Fixtures	23161067.35	93045.00	23254112.35	21293025.39	347996.65		21641022.04	161309031	1868041.96
Vehicles	6569773.40	2813157.00 (530566.00)	8852364.40	5688289.17	509044.39	(37142.19)	6160191.37	2692173.03	881484.23
	2171474503.76	11897177.10 (2505773.61)	2180865907.25	1934665410.88	27850325.88	(73066.61)	1962442670.15	218423237.10	236809092.88
Capital Work in progress (Including capital advances)								35871089.00	40313.00
								254294326.10	236849405.88
Previous Year	2159062968.36	12433124.00 (21588.60)	2171474503.76	1905224154.18	29459851.75	(18595.05)	1934665410.88	236809092.88	253838814.18

Rs. 4244322/- has been paid in earlier year to IDBI (Stressed Assets Stabilization Fund (SASF)) being the consideration for the purchase of 60 acres of leasehold land. The registration of the said land in the name of the company is yet to be done.

	AS AT 31ST MARCH, 2009 RS.	AS AT 31ST MARCH, 2008 RS.
SCHEDULE - 6		
INVENTORIES		
(As taken, valued & certified by the management)		
Raw materials	55746481.26	85473729.57
Work in progress	9925875.00	9987290.00
Finished goods	20527792.00	20843367.00
Goods in transit	1992801.37	1036559.00
Stores & spares etc.	12255085.30	9529122.72
Scrap & waste	3750458.00	1529093.00
	104198492.93	128399161.29



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NOVA IRON & STEEL LIMITED

	AS AT 31ST MARCH, 2009 RS.	AS AT 31ST MARCH, 2008 RS.
SCHEDULE - 7		
SUNDRY DEBTORS		
(Unsecured & Considered good)		
Debts outstanding for a period exceeding six months	29704314.58	17639422.58
Other Debts	64894437.00	60510356.00
	<u>94598751.58</u>	<u>78149778.58</u>
SCHEDULE - 8		
CASH AND BANK BALANCES		
Cash on hand	3390839.27	3889166.84
Balances With scheduled banks		
On Current accounts	889958.56	17240401.72
On Fixed deposits	14266725.63	20000.00
	<u>18547523.46</u>	<u>21149568.56</u>
Note : Fixed Deposit of Rs.14246725.63 is pledged as margin money with banks & Rs. 20000/- kept as security with the Sales Tax department (Previous Year 20000/-)		
SCHEDULE - 9		
LOANS AND ADVANCES		
(Unsecured & Considered good)		
Advances recoverable in cash or in kind or for value to be received	123604882.03	123654538.96
Security Deposit with Government		
Departments & Others	6804041.26	6730775.26
Balance with Excise Authority	3192359.12	0.00
Tax deducted at source	815413.00	517360.00
Fringe Benefit tax	998106.00	937383.00
	<u>135414801.41</u>	<u>131840057.22</u>
SCHEDULE - 10		
CURRENT LIABILITIES		
Sundry creditors	66767288.43	123833295.67
Other liabilities	77887778.55	131764588.94
Advances from customers	71754902.27	56608863.27
	<u>216409969.25</u>	<u>312206747.88</u>
SCHEDULE - 11		
PROVISIONS		
For Wealth Tax	10000.00	57383.00
For Gratuity	8252805.00	6415692.00
For Earned Leave	2864000.00	2377979.00
For Fringe Benefit Tax	900000.00	950000.00
	<u>12026805.00</u>	<u>9801054.00</u>
SCHEDULE - 12		
MISCELLANEOUS EXPENDITURE		
(To the extent not written off or adjusted)		
Preliminary expenses	3575000.00	
Less written off	357500.00	0.00
	<u>3217500.00</u>	<u>0.00</u>



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NOVA IRON & STEEL LIMITED

SCHEDULES FORMING PART OF THE PROFIT & LOSS ACCOUNT FOR THE PERIOD FROM 1ST APRIL 2008 TO 31ST MARCH, 2009

	CURRENT PERIOD Rs.	PREVIOUS PERIOD Rs.
SCHEDULE - 13		
SALES		
Sponge Iron	2447718465.00	1788903060.00
Others	55309437.00	29172220.00
Traded goods - Irong Ore	7200000.00	27892985.00
	<u>2510227952.00</u>	<u>1845968265.00</u>
SCHEDULE - 14		
OTHER INCOME		
Interest	1432103.41	646720.72
Miscellaneous	67537.33	51296.00
	<u>1499640.74</u>	<u>698016.72</u>
SCHEDULE - 15		
INCREASE / (DECREASE) IN STOCK		
Closing Stock of :		
Finished goods	20527792.00	20843367.00
Work in progress	9925875.00	9987290.00
Scrap & waste	3750458.00	1529093.00
	<u>34204125.00</u>	<u>32359750.00</u>
Less :		
Opening Stock of :		
Finished goods	20843367.00	30947164.00
Work in progress	9987290.00	9043575.00
Scrap & waste	1529093.00	1434386.00
	<u>32359750.00</u>	<u>41425125.00</u>
	<u>1844375.00</u>	<u>(9065375.00)</u>
SCHEDULE - 16		
Manufacturing & Other Expenses		
Raw materials consumed	1792226234.61	1296603346.98
Purchase of Trade Goods	6875580.00	27295250.00
Stores, spares & consumables	2020937.78	1681181.52
Power, water & electricity	45760965.67	39543711.35
Material Handling Charges	20288683.00	13269399.00
Excise duty	286390356.00	254002851.00
Machinery repairs & maintenance	41806778.15	18425693.40
Director's Remuneration	2027580.66	1970267.00
Salaries & allowances	38367573.23	32410299.27
Contribution to Provident & Other funds	1694768.00	1378961.00
Staff & labour welfare	1007970.00	745134.00
Rent	2259427.00	1754979.00
Transit loss - Raw material	0.00	23651918.00
Rates, fees & taxes	18145289.00	12783878.00
Insurance	343517.00	297426.00
Travelling & conveyance	6422551.54	5902535.00
Printing & stationery	716239.00	321252.00
Postage & Telephone	3097158.58	1444640.42
Vehicle running & maintenance	170446.00	190891.00
Advertisement	105018.00	99650.00
Packing & forwarding	5488917.43	5904892.50
Legal, professional & consultancy	2351034.00	2774685.00
Auditors remuneration	230565.00	211442.00
Director's sitting fee	20000.00	51000.00
Commission on sales	29253827.00	24296937.00
Building repairs & maintenance	2225804.00	646685.00
Other repairs & maintenance	27258857.09	26733643.51
Freight & Cartage	1152161.00	532617.00
Miscellaneous expenses	12823782.85	13080274.37
Loss on Sale of Assets	55227.00	493.55
	<u>2350587248.59</u>	<u>1808005933.87</u>



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SCHEDULE - 17

Interest & Financial charges

Interest on other	2750860.00	1840313.00
Bank charges & others	1200826.69	1069177.65
	3951686.69	2909490.65

SCHEDULE - 18

Miscellaneous Expenditure Written Off

Preliminary Expenses	357500.00	0.00
	357500.00	0.00

SCHEDULE - 19

Accounting Policies & Notes to Accounts for the period of 12 months ending 31/03/2009.

Significant Accounting Policies

(1) Basis of Accounting

Unless specifically stated elsewhere, the Company follows accrual basis of accounting and the accounting policies followed by it are consistent. The Accounting Standards referred under Section 211(3C) of the Companies Act, 1956 have been adopted by the Company and disclosures made in accordance with the requirements of Schedule VI of the Companies Act, 1956 and the Indian Accounting Standards.

(2) Fixed Assets

Fixed assets are stated at cost (Net of CENVAT) less accumulated depreciation. Cost of acquisition or construction is inclusive of freight, duties, taxes & incidental expenses related to such acquisition or construction.

(3) Borrowing Costs

Interest and other costs in connection with the borrowing of the funds to the extent, related/attribution to the acquisition/construction of qualifying Fixed Assets are capitalized upto the date when such assets are ready for its intended use. However the borrowing cost is not capitalised during the extended periods in which active development is interrupted/or there is considerable delay in commissioning of the respective Assets and is charged to Profit & Loss A/c.

No amount of borrowing cost has been capitalised during the current Accounting period.

(4) Depreciation

Depreciation on the assets other than Plant & machinery is provided for at written down value method as per the rates prescribed under Schedule XIV of the Companies Act, 1956. Plant & Machinery is being depreciated @ 25% per annum on written down method.

Freehold Land is not depreciated. Leasehold land is being written off over the lease period.

(5) Foreign Exchange Transactions

Transaction in foreign currency are recognised at the rate(s) prevailing on the date of the transaction. Foreign Currency Monetary Assets and Liabilities are accounted for at the exchange rate(s) prevailing on the closing day of the accounting period and the losses or gains arising on realignment of foreign currency liabilities relating to the acquisition of fixed assets are adjusted to the cost of such assets and on such exchange fluctuation the depreciation is charged/ adjusted on the basis of full year's use.

(6) Inventory Valuation

Raw materials are valued at cost (weighted average cost method) or net realisable value. Stores, spares & consumable tools are valued at cost under first in first out method.

Stock in progress is valued at material cost including appropriate direct & manufacturing overheads.

Finished goods are valued at cost or net realisable value whichever is lower. Cost represents production cost including appropriate overheads and excise duty but excluding commission on sales.

Inventories of scrap & waste are valued at estimated net realisable value.



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- (7) **Sales**
Sale have been recognised at the point of despatch to the customers. These are inclusive of excise duty and net of discounts and rebates including rebates on account of quality claims as and when settled.
- (8) **Other Revenues**
Claims including insurance claims are accounted for on the acceptance and determination of the amounts recoverable by the concerned authorities.
- (9) **Employee Benefits**
Short- term employee benefits are recognised as an expenses at the undiscounted amount in the Profit & Loss amount of the year in which the relative services is rendered.

Provision for gratuity has been made in the books of Account, as per the provisions of Payment of Gratuity Act, 1972 on the assumption that all the employees are entitled to gratuity at the end of the accounting period. The Leave encashment is accounted for on accrual basis and charged to the Profit & Loss in the year in which employee has rendered services.
- (10) **Excise Duty**
Excise duty on finished goods lying at the works is accounted for at the year end & corresponding liability for Excise duty is also created in the accounts. This treatment is as per guidance Note on accounting treatment of Excise duty issued by Institute of Chartered Accountants of India. Excise Duty is debited to the Profit & Loss Account.

CENVAT credits are adjusted towards the cost of materials/assets.
- (11) **Miscellaneous Expenditure**
Preliminary, public issue and deferred revenue expenditure are being written off over a period of ten years.
- (12) **Provision for Taxation**
1. Provision for taxation, if any, is made in respect of the taxable income of the previous year as defined in the Income Tax Act, 1961.
2. Fringe Benefits tax (FBT) payable under the provisions of section 115WC of the Income Tax Act, 1961 is in accordance with the Guidance Note on Accounting for Fringe Benefits Tax issued by the ICAI regarded as an additional income tax and considered in determination of the profits/(losses) for the year.
3. Minimum Alternative Tax (MAT) credit is recognized as an asset only when and to the extent there is convincing evidence that the Company will pay income tax higher than that computed under MAT, during the period that MAT is permitted to be set off under the Income Tax Act, 1961 (specified period). In the year, in which the MAT credit becomes eligible to be recognised as an asset in accordance with the recommendations contained in the guidance note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay income tax higher than MAT during the specified period.
- (13) **Contingent Liabilities**
No provision is made for liabilities, which are considered by the management contingent in nature and the same are disclosed by way of notes to accounts.
- (14) **Earning Per Share**
The Earning per share has been calculated as per AS-20. The basic and diluted earning per share has also been calculated as per AS-20 issued by Institute of Chartered Accountants of India (ICAI).
- (15) **AS-22 "Accounting for Taxes on Income" issued by ICAI**
Deferred Tax reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax law enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. If there is unabsorbed depreciation or carry forward of losses under tax laws, deferred tax assets are recognised only to the extent that there is virtual certainty support by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.



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At each balance sheet date, the company reassesses unrecognised deferred tax assets. It revognises unrealised deferred tax assets to the extent is has become reasonably or virtually certain, as the case may be, that sufficient taxable income will be available against which the deferred tax can be realised.

(16) **Segment reporting (AS-17)**

As the Company operates in only one line of activity thus segment wise figures are not given, as and when new segments are added/diversified, figures/details of such segment shall be given.

(17) **Impairment of Assets**

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's fixed assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of net selling price and value in use.

Notes on Accounts

	As at 31st March,2009 (Rs.in Lacs)	As at 31st March,2008 (Rs.in Lacs)
1. Contingent liabilities not provided for :		
a) Claims not acknowledged as debts	422.25	516.63
b) Income Tax demands under appeal	18.70	18.70
c) Excise & Service tax demand under dispute	75.53	71.13
d) Interest on Entry Tax	131.95	124.61
e) Sales Tax (2004-05) Demand under Dispute	2.23	2.23
Besides the above, the claim of interest/damages/penalties etc. and legal expenses claimed by the parties, the amount of which cannot be quantified.		
2. Based on the information available, Sundry Creditors include a sum of Rs. 6.95 Lacs due to Small Scale Industrial Undertakings.		
The names of Small Scale Industrial Undertakings who have outstanding for more than thirty days are Rishi Gases Pvt.Ltd, Digital Weigh System Pvt.Ltd., Bajrang Conveyor, Associated Mining Co., Alfa Controls, M.K.Diesels Ltd. & Spin Packaging Ltd. Necessary letters to all the suppliers have been issued by the Company seeking the declaration. The Company has not received any information from them of their status under the Micro, Small and Medium Enterprises Development Act, 2006. Hence disclosures, if any, relating to amounts unpaid, if any, to them as at the year end together with interest paid/payable as required under the said Act has not been made.		
3. In the opinion of the Management, the Current Assets, Loans and Advances etc., are approximately of the value stated, if realised in the ordinary course of business.		
4. Previous period's expenditure debited under the respective heads of accounts during the current period are Rs.20,31,018/- (Previous period Rs.21,94,548/-) and previous period income credited under respective heads Rs.1,17,937/- (Previous period Rs. 7,40,201/-).		
5. Some balances of accounts with parties in respect of debtors, creditors and advances are subject to confirmation/reconciliation.		
6. There was a winding up petition filed by IFCI in the High Court of Jabalpur (M.P.) After the payment of the entire money to IFCI under the OTS and upon receipt of "No Dues Certificate" from them, the winding up petition has become infructuous and redundant.		
7. The Company is a sick industrial Company within the meaning of section 3(1)(O) of The Sick Industrial Companies (Special Provisions) Act, 1985 and has been declared and registered as such with the Board For Industrial and Financial Reconstruction (BIFR) on 23-06-1998.		



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8. The net worth of the Company is negative as on the date of Balance Sheet, considering receipt of substantial Share Application Money, the management is confident that the operations of the company would improve considerably. Accordingly, accounts have been prepared on a goind concern basis.
9. Plant & Machinery, Factory Building and stocks of the Company are not insured, due to tight liquidity position.
10. The management is of the opinion that there will be no tax payable on current year profits, which are adjustable against unabsorbed depreciation and carried forward of losses. As such no provision for current tax made under the Income Tax Act, 1961.

11. Auditor's remuneration :

	Current Period (Rs.)	Previous period (Rs.)
Audit fee	1,75,000	1,40,450
Tax Audit fee	25,000	28,090
Other Matters	18,544	---
Out of pocket expenses	30,565	42,902
	2,49,109	2,11,442

12. Remuneration to Directors:

	Current Period (Rs.)	Previous Period (Rs.)
Salary	11,39,258	10,68,667
Other benefits	8,88,322	9,01,600
	20,27,580	19,70,267

13. Related party disclosure as required by Accounting Standard-18 issued by the Institute of Chartered Accountants of India are as under :-

A) List of related Parties with whom transactions have taken place and nature of relationship.

- (a) Key Management personnel
1. Sh. R.K. Gambhir
 2. Sh. S.P. Maken
 3. Sh. Rajasekaran
 4. Sh. T. Bhaskar
- (b) Relative of Key Management Personnel.
1. Mrs. R. Andal (Manager Personnel)
(Relative of a Director)
 2. Mrs. Santosh Maken (Relative of a Director)
 3. Sh. G.K. Gambhir (Relative of a Director)



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

Sl. No.	Name of the related party	Nature of Transactions	Amount (Rs.)	Relationship
1.	Mrs. R.Andal	Salary & reimbursement of expenses	128633	Relative of a Director
2.	Sh. S.P.Maken	Payment of remuneration Reimbursement of expenses	330000 201600	Whole Time Director Whole Time Director
3.	Sh. A. Rajasekaran	Payment of remuneration Payment of perquisites	797903 563226	Whole Time Director Whole Time Director
4.	Mrs.Santosh Maken	House rent	114000	Relative of a Director
5.	Sh. T. Bhaskar	Payment of remuneration Payment of perquisites Reimbursement of expenses	11355 4593 4903	Whole Time Director Whole Time Director Whole Time Director
6.	Sh. G.K. Gambhir	Share application money received	13101280	Relative of a Director
7.	Sh. R.K. Gambhir	Share application money received	85295000	Chairman

14. Earning Per Share (EPS)

	Current Period (Rs. in Lacs)	Previous Period (Rs. in Lacs)
Net Profit / (Loss)	1376.18	89345.69
Net Profit / (Loss) before Extraordinary Items	1376.18	(30.80)
Weighted average number of Equity Share outstanding during the year		
Basic	97700000	97700000
Diluted	153004742	101655031
Basic Earning Per Share before Extraordinary Items (Rs.)	1.41	(0.03)
Basic Earning Per Share after Extraordinary Items (Rs.)	1.41	91.45
Diluted Earning Per Share before Extraordinary Items (Rs.)	0.90	(0.03)
Diluted Earning Per Share after Extraordinary Items (Rs.)	0.90	87.90

15. Deferred Tax Assets (Net)

	Deferred Tax Asset/(Liability) as at 01/04/2008 Rs. Crores	Current Year Charge/(credit) Rs. Crores	Deferred Tax Asset/(Liability) as at 31/03/2009 Rs. Crores
Deferred Tax Assets			
(i) Difference between book and tax depreciation	Nil	3210206.55	3210206.55
(ii) Disallowance under section 43B	Nil	3161561.83	3161561.83
(iii) Provision for Leave Salary	Nil	138890.28	138890.28
(iv) Provision for Gratuity	Nil	624434.71	624434.71
(v) Other Deferred Tax Assets/Liabilities	Nil	Nil	Nil
Deferred Tax Assets (Net)		7135093.37	7135093.37

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

a) Particulars of Capacity & production:-

Item of Manufacture	Licensed Capacity	Installed* Capacity (per annum)		Production	
		Current Period M.T.	Previous Period M.T.	Current Period M.T.	Previous Period M.T.
Sponge Iron	Not Applicable	1,50,000	1,50,000	1,29,489	1,11,969

* As certified by the management and relied upon by the auditors being a technical matter.

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

Item	Current Period		Previous Period	
	Quantity M.T.	Value Rs.	Quantity M.T.	Value Rs.
<u>Opening Stock</u>				
Sponge Iron	1341	20843367	2619	30947164
<u>Trade Purchases</u>				
Iron Ore	1800	6875580	6601	27295250
<u>Turnover</u>				
Sponge Iron	129425	2447718465	113247	1788903060
Trade Goods-Iron Ore	1800	7200000	6601	27892985
<u>Closing stock</u>				
Sponge Iron	1405	20527792	1341	20843367
Trade Goods- Iron Ore	Nil	Nil	Nil	Nil

c) Raw materials consumed:-

	Current Period	Previous Period
Iron Ore	245254	216911
Coal	203373	163651
Dolomite	2363	1772
		992579814
		303139506
		884027

d) Consumption of imported & indigenous raw materials, stores and spares and its percentage to total consumption (as verified & certified by the Management & relied upon by the Auditors, it being a technical matter) :-

Raw Material	Current Period		Previous Period	
	Value	Percentage	Value	Percentage
Imported	--	--	--	--
Indigenous	1792226235	100%	1296603347	100%
 Stores & Spares				
Imported	--	--	--	--
Indigenous	2020938	100%	1681182	100%

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



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17. (a) Expenditure incurred in foreign currency :

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

18. Previous year figures have been regrouped, or rearranged, wherever necessary to conform to current year's presentation.

19. Schedule No.1 to 19 forms an integral part of the accounts and has duly been authenticated.

Per our report of even date

FOR & ON BEHALF OF THE BOARD

For Antima & Goel
Chartered Accountants

R.K.Gambhir N. Awatar
Chairman Director

R.B. Goel
Partner

S.P.Maken
Director and Company Secretary

Place : New Delhi
Date : 20th August, 2009

Bhanu Parkash
Sr.G.M.(Accounts)



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CASHFLOW STATEMENT FOR THE PERIOD ENDED 31ST MARCH, 2009

(Pursuant to amendment to Clause 32 of the Listing Agreement)

	Current Period (Rs.)	Previous Period (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES		
NET PROFIT/(LOSS) BEFORE TAX	130825206.58	(2774369.55)
Adjustments for:		
Depreciation	27850325.88	29459851.75
Interest (Net)	1318756.59	1193592.28
Profit/(Loss) on sale of Fixed Assets	55227.00	493.55
OPERATING PROFIT/(LOSS) BEFORE WORKING CAPITAL CHANGES	160049516.05	27879568.03
Adjustments for:		
(Increase)/Decrease in trade and other receivables	(20023717.19)	(27054165.99)
(Increase)/Decrease in inventories	24200668.36	(24655962.23)
Misc Expenditure not written off (Net)	(3217500.00)	-----
Increase/(Decrease) in trade payables	(93571027.63)	76246778.00
CASH GENERATED FROM OPERATIONS	67437939.59	52416217.81
Interest paid	(2750860.00)	(1840313.00)
Fringe Benefit Tax	(390180.00)	(305808.00)
Provision of Wealth Tax of earlier year written back	47383.00	
CASH FLOW BEFORE EXTRAORDINARY ITEMS	64344282.59	50270096.81
Extraordinary Items	---	8937649484.16
NET CASH (USED IN)/FROM OPERATING ACTIVITIES	64344282.59	8987919580.97
B. CASH FLOW FROM INVESTING ACTIVITIES		
(Increase)/Decrease in fixed assets	(45794473.10)	(2094903.52)
Sale of fixed assets	444000.00	2500.00
Interest received	1432103.41	646720.72
NET CASH (USED IN)/FROM INVESTING ACTIVITIES	(43918369.69)	(1445682.80)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	---	---
Proceeds from receipt of share application money	98396280.00	474603720.00
Proceeds from long-term and other borrowings	(121424238.00)	(9470018890.16)
NET CASH (USED IN)/FROM FINANCING ACTIVITIES	(23027958.00)	(8995415170.16)
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C)	(2602045.10)	(8941271.99)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	21149568.56	30090840.55
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	18547523.46	21149568.56

NOTES:

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

For & on behalf of the Board

R.K.Gambhir N. Awatar
Chairman Director

For Antima & Goel
Chartered Accountants

R.B. Goel
Partner

S.P.Maken
Director and Company Secretary

Place : New Delhi
Date : 20th August, 2009

Bhanu Parkash
Sr. G.M.(Accounts)



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NOVA IRON & STEEL LIMITED

BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

Information pursuant to Part IV of Schedule VI to the Companies Act, 1956:

i) Registration details:

Registration No.	State Code	Balance sheet date
010-010052	10	31.03.2009

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

Public Issue	Bonus Issue	Right Issue	Conversion of FCDs	Private Placement
Nil	Nil	Nil	Nil	Nil

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

Total Liabilities	Total Assets
1521517341	1521517341

Sources of Funds:

Paid-up Capital	Reserves & Surplus
945932185	Nil
Share Application Money	
573000000	
Secured Loans	Unsecured Loans
---	2585156

Application of Funds:

Net Fixed Assets (including capital work in progress) (35871089)	Deferred Tax Assets (Net)
254294326	7135093
Net Current Assets	Investments
124322795	Nil
Accumulated Losses	Misc. Expenditure
1132547627	3217500

iv) Performance of Company (Amount Rs.)

Turnover including other income	Total Expenditure	Profit/Loss before Tax & Extraordinary Items	Profit/Loss after Tax & Extraordinary Items
2511727593	2380902386	130825207	137617503
Earning per share	Dividend rate		
Basic in Rs. 1.41	Nil		
Diluted in Rs. 0.90			

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

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

ATTENDANCE SLIP

NOVA IRON & STEEL LIMITED

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

1. Full Name of Shareholder / Proxy :

2. Registered Folio No. : No. of Shares :

3. If Proxy, Full Name of Shareholder :

I hereby record my presence at the 17th Annual General Meeting of the Company held at **Village - Dagori, Tehsil - Belha Distt. Bilaspur (CHHATTISGARH)** on Friday, the 25th September, 2009 at 12:30 P.M.

(Signature of Shareholder / Proxy)

IMPORTANT

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

PROXY

NOVA IRON & STEEL LIMITED

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

Registered Folio No. : No. of Shares :

I/We of being member/members of NOVA

IRON & STEEL LIMITED, hereby appoint of

..... or failing him

..... of

as my/our Proxy in my /our absence to attend and vote for me/us, and on/our behalf, at the 17th Annual General Meeting of the Company to be held at Village - Dagori, Tehsil-Belha Distt. Bilaspur (CHHATTISGARH) on Friday, the 25th September, 2009 at 12.30 p.m. and at any adjournment thereof.

Signed this day of 2009

Signature(s) of the Shareholder(s)

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

A Proxy need not be a member of the Company.

BOOK POST

If undelivered, Please return to :

NOVA IRON & STEELS LIMITED

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

Distt. Bilaspur (CHATTISGARH) Pin 495 224