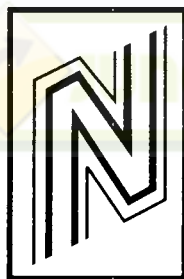


NOVA IRON & STEEL LIMITED



NOVA R.G.
GROUP

16th
ANNUAL
REPORT
2007-2008



NOVA R.G.
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NOVA IRON & STEEL LIMITED

16TH ANNUAL REPORT 2007-2008

Year ended 31st March, 2008

BOARD OF DIRECTORS

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

DIRECTOR-CUM - COMPANY SECRETARY

Sh. S.P. Maken

BANKERS

Bank of India

AUDITORS

M/s Antima & Goel
Chartered Accountants
3618/XI, Netaji Subhash Marg,
Darya Ganj, New Delhi-110002

CORPORATE OFFICE

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

PLANT & REGD. OFFICE

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

REGISTRAR & SHARE TRANSFER AGENTS

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

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NOVA R.G.
GROUP**NOVA IRON & STEEL LIMITED**

- 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.

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 : 31-7-2008.

R.K.GAMBHIR
(Chairman)

NOVA R.G.
GROUP**NOVA IRON & STEEL LIMITED****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 Inverter for I.D. Fan.
- Repair/replacement of hot gas ducts in waste gas cleaning plant.

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

- Provision of Inverter for I.D. Fan at a cost of Rs.12.00 Lacs
- Repair/replacement of Hot Gas Ducts and ESP at a cost of Rs. 3.0 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
---	---------------------

- 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 and Dolo Char has been developed particularly for power generation.

3. FUTURE PLAN OF ACTION:

- Installation of Waste heat Recovery Boilers for Power generation.
- Installation of new Electrostatic Precipitator and pulse jet gas filter to achieve revised norms of Chattisgarh Pollution Conservation Board.

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.

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 at 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 (2007-08)

• Earned	:	Nil
• CIF Value of Imported	:	Nil
• Other Expenses	:	Nil
• 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.



NOVA IRON & STEEL LIMITED

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 year ended on 31st March, 2008, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges. The Company has complied the same materially.

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

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

We have been explained that no investor grievances remained un-attended for a period exceeding one month, as at 30th April, 2008 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**

New Delhi
31st July, 2008

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



NOVA IRON & STEEL LIMITED

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

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

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

BOARD OF DIRECTORS

a) The Board consists of Six directors. More than 50% (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	R. P. Singh*
28.04.2007	✓	✓	✓	✓	X	X	✓
31.07.2007	✓	✓	X	✓	X	X	✓
31.10.2007	✓	✓	X	✓	X	X	✓
30.01.2008	✓	✓	X	✓	X	X	✓

* Sh. R.P. Singh ceased to be a Director of the Company w.e.f. 28-04-2008

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. S.P.Maken	-	-
Sh.A. Rajasekaran	-	-

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

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

Sh. R.K. Gambhir is a Promoter Director and is one of the first Directors of the Company. He is a Graduate with about 29 years of experience in Steel and Electronics Industry.

Sh. V.K. Sakhuja is an Ex-Banker. He has a rich experience of working of Industrial Companies including Steel Industry.

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

(i) Executive Directors

S.No.	Name of the Director	Salary(Rs.)	Perquisites and Allowances(Rs.)	Period
1.	Mr. S.P. Maken	2,18,667/-	3,01,600/-	01/04/2007 to 31/03/2008
2.	Mr.A. Rajasekaran	8,50,000/-	6,00,000/-	01/06/2007 to 31/03/2008

(ii) Non-Executive Directors

S.No.	Name	Sitting Fee(Rs.)
1.	Mr. N. Awatar	9,000/- @ Rs. 1000/- per meeting of the Board or Committee except Share Transfer Committee Meetings.



NOVA IRON & STEEL LIMITED

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 4 meetings of the Board were held. The intervening period between two Board Meetings was well within the maximum prescribed gap of four months.

Last Annual General Meeting was held on 29.9.2007 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.

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.



NOVA IRON & STEEL LIMITED

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

The Audit Committee has had four Meetings during the year.

Attendance of Directors in the Audit Committee Meetings -

Date of Meeting	N. Awatar	V.K. Sakhuja	R.K. Gambhir
16.04.2007	✓	✓	✓
23.07.2007	✓	✓	✓
22.10.2007	✓	✓	✓
21.01.2008	✓	✓	✓

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.

SHAREHOLDERS' GRIEVANCE 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.