



NOVA IRON & STEEL LTD.

19th ANNUAL REPORT 2010-2011
Year ended 30th June, 2011

BOARD OF DIRECTORS

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

COMPANY SECRETARY

Ms. Anuradha Tandon

BANKERS

Punjab National Bank
Janpath, New Delhi

AUDITORS

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

REGISTERED OFFICE

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

CORPORATE OFFICE

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

PLANT

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

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NOTICE

Notice is hereby given that the 19th Annual General Meeting of Nova Iron And Steel Limited will be held on Tuesday the 11th day of October 2011 at 12.30 P.M at its Regd. Office at Village Dagori, Tehsil Belha, District Bilaspur, Chattisgarh to transact the following Business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Balance Sheet as at 30th June, 2011 and Profit & Loss Account and Cash Flow Statement for the year ended as on that date and the Report of the Auditors and Directors thereon
2. To appoint a Director in place of Shri Narsingh Awatar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Shri. M. Ramachandran who retires by rotation and being eligible, offers himself for re-appointment.
4. To Appoint Auditors of the Company and to fix their remuneration M/s Antima & Goel, Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible, offer themselves for re-appointment.

SPECIAL BUSINESS

5. To consider and if thought fit to pass with or without modification(s) the following resolution as Ordinary Resolution: -

“RESOLVED THAT Mr Arvind Gupta who was appointed as an Additional Director under the Articles of Association of the Company and who ceases to hold office by the date of ensuing Annual General Meeting and in respect of whom the Company has also received a Notice under Section 257 of the Companies Act, 1956 from a Member in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation.”

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

“RESOLVED THAT Mr Sanjay Singal, who was appointed as an Additional Director under the Articles of Association of the Company and who ceases to hold office by the date of ensuing Annual General

Meeting and in respect of whom the Company has also received a Notice under Section 257 of the Companies Act, 1956 from a Member in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation.”

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

“RESOLVED THAT Mr Ravi Parkash Goyal who was appointed as an Additional Director under the Articles of Association of the Company and who ceases to hold office by the date of ensuing Annual General Meeting and in respect of whom the Company has also received a Notice under Section 257 of the Companies Act, 1956 from a Member in writing proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, whose period of office will be liable to determination by retirement by rotation.”

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

AUTHORITY TO CREATE CHARGE ON IMMOVABLE AND MOVABLE ASSETS OF THE COMPANY

“RESOLVED THAT in supercession of resolution passed by shareholders in their meeting held on 03.04.1992, the consent of the Company be and is hereby accorded to the Board of Directors in terms of Section 293(1)(a) and other applicable provisions of the Companies Act, 1956 to mortgage/hypothecate or/and to create of all the immovable and movable assets of the Company, through deposits of title deeds or any other manner, wherever situate, present and future, with power to take over the management of the business and concern of the Company in certain events, to or in favour of all or any of: -

- (a) Any Indian/Overseas Finance Corporation or Institution or Credit Corporation of any other Finance Company or Investment Company or Trading House or any other body corporate/entity whether in Public Sector or in Private Sector or in Joint Sector or
- (b) ICICI Bank Ltd, IDBI Bank Ltd, IFCI, LIC, Axis Bank Ltd, Export Import Bank of India, Punjab National Bank, Allahabad Bank, Vysya Bank, ING Bank, State Bank of India, Canara Bank, Federal Bank Ltd., Bank



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of India, HDFC Bank Ltd., China Trust Commercial Bank, Oriental Bank of Commerce, The Jammu & Kashmir Bank Ltd., Central Bank of India, Bank of India, UCO Bank, United Bank of India, Union Bank of India, State Bank of Hyderabad, State Bank of Bikaner & Jaipur, Indian Overseas Bank, IndusInd Bank Ltd., State Bank of Travencore, Bank of Maharashtra, Bank of Baroda, Punjab & Sind Bank, Vijaya Bank, Dena Bank, Syndicate Bank, State Bank of Mysore, State Bank of Patiala, or any other Indian/ Foreign Banks or Financial Institution whether in Public Sector or in Private Sector or in Joint Sector or in Govt. Sector.

To secure loans of the Company taken/to be taken Together with the interest at the respective agreed rates, compound/additional interest, commitment charge, premium on prepayment or on redemption, costs, charges, expenses and all other moneys payable in terms of respective Loan Agreements/ Heads of Agreement/Letters of Sanction/ Memorandum of terms and conditions, entered into/ to be entered into by the Transferor Companies/by the Company, in respect of the said Term Loan(s)/ Working Capital Loan(s)/ Limit(s) etc.”

“RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to negotiate and finalise with any Indian/Overseas Corporation or Credit Corporation or Institutions or any other Finance Company or Investment Company or Trading House or any other Body, ICICI Bank Ltd, IDBI Bank Ltd., Axis Bank Ltd, Export Import Bank of India, Punjab National Bank, Allahabad Bank, Vysya Bank, ING Bank, State Bank of India, Canara Bank, Federal Bank Ltd., Bank of India, HDFC Bank Ltd., China Trust Commercial Bank, Oriental Bank of Commerce, The Jammu & Kashmir Bank Ltd., Central Bank of India, Bank of India, UCO Bank, United Bank of India, Union Bank of India, State Bank of Hyderabad, State Bank of Bikaner & Jaipur, Indian Overseas Bank, IndusInd Bank Ltd., State Bank of Travencore, Bank of Maharashtra, Bank of Baroda, Punjab & Sind Bank, Vijaya Bank, Dena Bank, Syndicate Bank, State Bank of Mysore, State Bank of Patiala, or any other Nationalized Banks, or any other Indian/Foreign Banks whether in Public Sector or Private Sector or Joint Sector. or any other Nationalized Banks or any other Indian/ Overseas Public Sector or Private Sector or Joint Sector Banks, the documents for creating/ modifying/amending aforesaid mortgage and/or charge either by way of First Charge or by way of Second Charge and to do all such acts, deeds, matters and

things as may be necessary, desirable or expedient for giving effect to this Resolution.”

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

AUTHORITY TO BOARD OF DIRECTORS TO BORROW

“RESOLVED THAT in supercession of Resolution passed by the Shareholders of the Company in their meeting held on 03.04.1992, and pursuant to the provisions of section 293 (1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory amendments/modifications or re-enactment thereof for the time being in force), consent of the Company be and is hereby accorded to the Board of Directors for borrowing for and on behalf of the Company from time to time any sum or sums of money on such terms and conditions as the Board may deem fit notwithstanding that the money to be borrowed together with money already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will or may exceed in the aggregate for the time being of the paid up capital of the company and its free reserves, that is to say, reserves not set apart for any specific purpose provided that the total amount upto which money may be borrowed together with the money already borrowed under section 293 (1) (d) of the Companies Act, 1956, shall not at any time exceed Rs. 3000 Crores (Rupees Three Thousand Crores only) over and above the paid up capital and free reserves of the Company.”

**By order of the Board
For Nova Iron & Steel Ltd**

Place: New Delhi
Date: 27.08.2011

Sd/-
(Anuradha Tandon)
Company Secretary



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NOTES:-

1. A member entitled to attend and vote is entitled to appoint Proxy to attend and vote instead of himself and the proxy need not be a member of the Company. Proxy, In order to be effective, must be deposited with the Company at its Registered Office not less than 48 hours before the time fixed for the meeting.
2. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is enclosed
3. Members are informed that as per SEBI directive the Company has entered into an agreement with M/s Abhipra Capital Limited, to act as Share Transfer Agents of the Company for all matters connected with Transfers and Transmission of shares and also dematerialization of Shares and other related functions etc.
Any Correspondence relating to shares can be made to the Company's Registrar at :
M/s Abhipra Capital Limited
Unit: NOVA IRON & STEEL LIMITED
F-7/4, Sector-16, ROHINI, NEW DELHI-110085
3. Corporate members are requested to send duly certified copy of Board Resolution authorizing representatives to attend and vote at the Annual General Meeting
4. In case of joint holders of shares attending the meeting, only such joint holders who is higher in the order of names will be entitled to vote.

5. The Register of Members and the Share Transfer Books shall remain closed from 5th to 11th October, 2011 (both days inclusive)
6. Members seeking information about the accounts are requested to write atleast 10 days before the date of the meeting to the Company so that it may be convenient to keep the information ready for the meeting. All the documents referred to accompanying Notice and Explanatory Statement are open for inspection at the corporate office of the Company on all working days except Sundays between 11.00 AM to 1.00 PM upto the date of Annual General Meeting.
7. Members are requested to bring their copy of Annual Report at the Meeting and proxies should bring attendance slips duly filled in for attending the Meeting.
8. Members are requested to notify immediately any change in their addresses quoting their folio numbers to Registrar and Transfer Agent of the Company.
9. Non Resident members are requested to inform immediately to RTA (a) change in residential status on relating to India for permanent settlement (b) particulars of bank account maintained in India with complete name of bank, branch address, account type, account number, if not furnished earlier
10. As per the requirement of Clause 49 of the Listing Agreement with Stock Exchanges, the details of Directors proposed to be appointed/re-appointed at the Annual General Meeting is annexed hereto.

Particulars	Name of Director to be Appointed/Re-appointed				
	Mr Arvind Gupta	Mr Sanjay Singal	Mr Ravi Parkash Goyal	N. Awatar	M. Ramachandran
Date of Birth	22/12/1957	19/06/1960	09/09/1951	26/02/1937	13/02/1947
Expertise in Area	Legal	Administration, Decision Making , Planning & Project Implementation	Commercial and legal	Accountancy & Taxation	Management and Consultancy of Sponge Iron and Steel Projects
Qualification	LLB	Graduate	Graduate	Chartered Accountant	M. Tech
Directorship in other Companies	Nil	1. Bhushan Power & Steel Limited 2. Essenn Investments Pvt. Ltd. 3. Atmaram House Investment Pvt. Ltd. 4. Skap Electronics Pvt. Ltd. 5. Pittie Strips Pvt. Ltd.	1. Marble Finvest Ltd. 2. Bhushan Power & Steel Ltd. 3. Pittie Strips Pvt. Ltd. 4. Atmaram House Investment Pvt. Ltd. 5. Bhushan Aluminium & Power Ltd. 6. Priyanka Iron & Envergy Ltd. 7. Rohne Coal Company Pvt. Ltd.	1. Shubh Labh Leasing Ltd. 2. NTR Estates Pvt. Ltd. 3. Excel Portfolios Pvt. Ltd.	Management and Consultancy of Sponge Iron and Steel Projects
Shareholding in the Company as on 30.06.2011	Nil	Nil	Nil	Nil	Nil

11. Ministry of Corporate Affairs, Govt. of India, vide Circular No. 35/2011 dated 06/06/2011 has facilitated shareholders to have soft copy of annual report and vote through E-Voting. Company is taking steps to facilitate the shareholders for E-Voting. Shareholders are requested to register their mail ID with the Registrar & Transfer Agent to avail the said facilities



EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

ITEM NO. 5,

Shareholders are informed that Mr Arvind Gupta was appointed as Additional Director on 6th May 2011 pursuant to Section 260 of the Companies Act, 1956 and under the Articles of Association of the Company as an Independent Director and holds office as a Director only up to the date of the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from a member signifying intention to propose the appointment of Mr Arvind Gupta as a Director. Company has also received Form DD-A pursuant to section 274(1)(g) of the Companies Act, 1956. The Board considered it desirable that the Company should continue to avail itself of her services. Hence this resolution.

Yours Directors recommend the Resolution set out at Item No. 5 of the Notice for the approval of the Members.

None of the Directors are concerned or interested in this Resolution except Mr Arvind Gupta.

ITEM NO 6 & 7

Pursuant to the Share Purchase Agreement dated 10.06.2011 entered into with the existing promoters of the Company and subsequent offer for acquisition of shares under Securities & Exchange Board of India (Substantial Acquisition & Shares Transfer), Regulation, 2009 SEBI(SAST) Mr. Sanjay Singal and Mr. Ravi Parkash Goyal has been appointed as the additional directors on 08.07.2010 pursuant to Section 260 of the Companies Act, 1956 and under the Articles of Association of the Company and hold office as a Director only up to the date of the ensuing Annual General Meeting. Notice under Section 257 of the Companies Act, 1956 have been received from a member signifying intention to propose the appointment of Mr Sanjay Singal and Mr Ravi Parkash Goyal as Directors. Company has also received Form DD-A pursuant to section 274(1)(g) of the Companies Act, 1956. The Board recommend the appointment of Mr Sanjay Singal and Mr Ravi Parkash Goyal as Directors and Company should continue to avail itself of their Services. Hence these resolutions.

Yours Directors recommend the Resolution set out at Item No. 6 & 7 of the Notice for the approval of the Members.

None of the Directors are concerned or interested in this Resolution except Mr Sanjay Singal and Mr Ravi Parkash Goyal.

ITEM NO. 8

In order to increase the operations of the Company and modernize the existing plant, company is required to approach the banks/financial institutions/ Credit Corporation of any other Finance Company or Investment Company or Trading House or any other body corporate/ entity whether in Public Sector or in Private Sector or in Joint Sector both Indian and foreign to avail the credit facilities at most competitive rates and most beneficial to the company. At present a reference under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 has been made to Board of Industrial and Financial Reconstruction (BIFR). Shareholders are also informed that M/s Bhushan Power & Steel Ltd has made a public offer to the shareholders for acquisition of shares under SEBI (SAST) and has also acquired shares from the existing promoters. The new management shall in the course of business activities will approach Indian/Financial Institutions/Banks for sanctioning of various loans, credit facilities to the Company in the best interest of the Company and to improve the working of the company from time to time and require the Company to mortgage/ charge movable/immovable properties of the Company by way of First/Second Charge both present and future in order to provide securities to Indian/Foreign Financial Institutions/Banks for their Term Loans and working Capital Facilities.

Pursuant to Section 293(1)(a) of the Companies Act, 1956, approval of the Shareholders is required before mortgaging/ charging movable/immovable properties of the Company in favour of Bank/Financial Institutions/Other entities both Indian/Foreign for sanction of Terms Loans and Working Capital Facilities. Board of Directors has recommended for approval of the Shareholders the Resolution as set out in the Notice for consenting to mortgage/charge movable and/or immovable properties of the company by way of First/Second Charge to Bank/Financial Institutions/ Other entities both Indian/Foreign, whether in public sector or in private sector or in joint sector or in Govt. sector who may sanction various Term Loans, Working Capital Facilities to the Company. Board recommends adoption of the said resolution.

None of the Directors is concerned or interested in the resolution.



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ITEM NO 9

At present the company is referred under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 to the Board of Industrial and Financial Reconstruction (BIFR). M/S Bhushan Power & Steel Ltd has made a public offer to the shareholders for acquisition of shares under SEBI (SAST) and has also acquired shares from the existing promoters.

In process of improving the working of the company by adding new machineries, modernization of the existing plant, expansion, overhauling the production process and to increase production capacity Board of Directors will be required, in the course of business activities and to improve the working of the Company, to approach various Indian/ Financial Institutions/Banks for sanctioning of Term Loans, Working capital Facilities and/or any other kind of Credit Facilities to the Company in the best interest of the Company from time to time. At present company is not availing any term loan or working credit facilities from Bank/FIs.

Shareholders in their meeting held on 03.04.1992 has authorized the Board of Directors of the Company to borrow money including money already borrowed (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) upto a limit of Rs. 200 Crores (Rupees Forty Crores only). Board now recommend that the present limit be revised to 3,000 Crores (Rupees Three Thousand Cores only). Pursuant to Section 293(1)(d) of the Companies Act, 1956, consent of the Shareholders is required to increase the borrowing limits to Rs. 3,000 Crores and give authority to Board of Directors (which term include Committee of Directors on Borrowings thereof) to give effect to this resolution. Board recommends adoption of the said Resolution as set out in the Notice.

None of the Directors is concerned or interested in the resolution.

**By order of the Board
For Nova Iron & Steel Ltd**

Place: New Delhi
Date: 27.08.2011

Sd/-
**(Anuradha Tandon)
Company Secretary**



NOVA IRON & STEEL LTD.

DIRECTORS' REPORT

To Members,

Your Directors have pleasure in presenting the 19th Annual Report together with Audited Accounts for the year ended 30th June, 2011.

FINANCIAL RESULTS

S.No.	Particulars	F.Y. (2010-11) 12 Months	F.Y. (2009-10) 15 Months
a	Total Income	876.16	15873.03
b	Loss before Interest , Depreciation and Tax	492.84	485.74
c	Interest & Financial Charges	106.18	30.56
d	Depreciation	276.94	385.01
e	Loss before Tax	875.97	901.32
f	Deferred Tax	22.00	9.41
g	Loss after Tax	853.97	891.91
h	Net Loss transferred to Balance Sheet	853.97	891.91

DIVIDEND

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

OPERATIONS & FUTURE OUTLOOK

During the year under review, company achieved turnover of Rs 876.16 lacs. Decrease in turnover is mainly because of the plant remained closed throughout the year due to non-availability of iron ore and other raw materials i.e. coal. Company depends on the availability of iron ore on market conditions. Cost of iron ore and coking coal has increased in international market due to heavy floods in Australia. The demand of Sponge Iron in the market also remained low because of higher cost of production resulting into lower turnover. Due to costly technology, changes in Govt. Policies, power shortage and various other reasons company suffered unaffordable losses.

Your Company does not have its own captive iron ore mines. Irregular power supply from the State Govt. also contributed to close of plant in addition to non availability of raw material during the year under report. Efforts are being made to own iron ore mines which shall improve production output and quality of Sponge Iron. In the current market conditions, to compete in the market, installation of captive power plant for power continues supply, utilization of waste heat of kilns, maximize production capacity utilization, installation of furnace, is needed to produce cost effective Sponge Iron. However, till the time the continuous supply of iron ore is ensured, the aforesaid

new projects shall have to wait. Your Company is making efforts in this direction.

ACQUISITION OF SHARES

M/s Bhushan Power & Steel Ltd, New Delhi has acquired 23.03% shares of the Company from promoters and also acquired entire shareholding of another promoter namely Ambey Steel & Power Pvt. Ltd which in turn holds 27.57% shares of the Company. Acquirer has also entered into Share Purchase Agreement with existing promoters for acquisition of 11.33% shares subject to compliance of SEBI (SAST) and other applicable regulations. Bhushan Power & Steel Ltd has made public offer under regulation of 10 and 12 of Securities & Exchange Board of India (Substantial Acquisition of shares & Takeover) Regulation, 1997 and subsequent amendments thereto or replacement thereof (SEBI [SAST) for further acquisition of 20% shares.

LISTING OF SHARES

At Present the shares of the Company are listed with the Stock Exchanges at Ahmedabad, Bombay, Calcutta, Delhi, Madras and with the National Stock Exchange. Pursuant to approval of Board of Directors in its meeting held on 08.10.2010, Company has filed application for delisting of shares from National Stock Exchange vide letter dated 27.10.2010 and Ahmedabad, Calcutta, Delhi, Madras vide letter dated 02.06.2011. The annual fee for the year 2011-12 is yet to be paid to Bombay Stock Exchange.

DIRECTORS

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

Mr. V. K. Sakhuja resigned on 06.05.2011, Mr Rajshekhran resigned on 04.06.2011 from the Directorship of the Company and Mr. S.P. Maken resigned on 08.07.2011 from the Directorship & Company Secretaryship of the Company.

Mr Arvind Gupta has been appointed as Additional Director on 06.05.2011. Mr. Sanjay Singal and Mr. Ravi Paraksh Goyal have been appointed as Additional Directors on 08.07.2011 on the Board of the Company.

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.

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



DIRECTOR IDENTIFICATION NUMBER (DIN)

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

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

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

- (i) in the preparation of the annual accounts, the applicable accounting standards have been followed alongwith proper explanation relating to material departures;
- (ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the period. ;
- (iii) the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) the Directors have prepared the annual accounts on a going concern basis.

AUDIT COMMITTEE

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

AUDITORS

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

AUDITORS' REPORT

Auditors have not made any qualification/adverse remarks on the annual accounts for the year ended 30th June 2011. Notes to Accounts are self-explanatory and therefore calls for no further comments.

COST AUDITORS

Pursuant to the notification issued by Ministry of Corporate Affairs Cost Audit is applicable to the Company for the year 2011-12. Subject to the approval of Central Govt., Company has appointed Kabra & Associates, Cost Accountants, New Delhi as Cost Auditors of the Company for the financial year 2011-2012.

PUBLIC DEPOSITS

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

SEGMENT REPORTING

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

SUBSIDIARY COMPANY

The Company do not have any subsidiary company.

REFERENCE TO BIFR

Net worth of the Company has eroded by more than 50% based on the last audited Balance Sheet. Pursuant to the provisions of Sick Industrial Companies (Special Provision) Act, 1985, a reference has been made to BIFR on 06.12.2010.

PARTICULARS RELATING TO EMPLOYEES

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

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

During the year under report plant remained closed due to non availability of raw material as such there was no production. Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 regarding conservation of Energy, Technology Absorption, foreign exchange earnings and outgo be treated as NIL.

CORPORATE GOVERNANCE

A detailed report on Corporate Governance and a Certificate from the Statutory Auditors of the Company regarding compliance of conditions of Corporate Governance in terms of Clause 49 of Listing Agreement are appended at **Annexure –A** and **Annexure-B** to 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.

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

ACKNOWLEDGEMENTS

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

For and on behalf of the Board

Sd/-

Narsingh Awatar
Chairman
Din-00376193

Place: New Delhi
Date: 27.08.2011



ANNEXURE- A

REPORT ON CORPORATE GOVERNANCE

1. **Company's Philosophy**

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

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

The Board consists of six directors. More than 50% are non-executive independent Directors. Consequent upon resignation of Mr. S. P. Maken, there is no Executive Directors on the Board at present.

Mr. V. K. Sakhuja, Mr Rajshekhran and Mr. S.P. Maken resigned from Directorship and Mr Arvind Gupta, Mr. Sanjay Singal and Mr. Ravi Paraksh Goyal were appointed as Additional Directors

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

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

During the year six meeting of Board of Directors were held on 31.07.2010, 25.08.10, 08.10.10, 29.10.10, 31.01.11, 06.05.11. The intervening period between two Board Meetings was well within the maximum prescribed gap of three months.

Attendance record of Directors at Board/Committee/General Meetings and details of directorship/committee membership/Chairmanship during the year ended 30th June 2011 is are given below :-

SN	Name of Director	Attendance Particulars				No. of Other Directorship and Committee Member/Chairmanship		Remarks
		No. of Board Meetings held	No of Board Meetings	Attendance at last AGM attended		Other DirectorShips	Committee Members(**)	
1	R. K. Gambhir	06	05	No	Nil	02	02	
2	N. Awatar	06	06	Yes	01	04	01	
3	V. K. Sakhuja	06	05	No	Nil	01	Nil	Resigned on 06.05.2011
4	S. P. Maken	06	06	Yes	Nil	02	Nil	Resigned on 08.07.2011
5	M. Ramachandran	06	01	Yes	Nil	Nil	Nil	
6	Bhaskar Thatikonda	06	00	No	Nil	Nil	Nil	Resigned on 01.10.2010
7	A. Rajasekaran	06	00	No	Nil	Nil	Nil	Resigned on 04.06.2011
8	Arvind Gupta	06	01	N. A.	N. A.	N. A.	N. A.	Appointed Additional Director on 06.05.2011
9	Sanjay Singal	NA	NA	N.A.	N. A.	N. A.	N. A.	Appointed Additional Director on 08.07.2011
10	R. P. Goyal	NA	NA	N.A.	N. A.	N. A.	N. A.	Appointed Additional Director on 08.07.2011

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

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

d) 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 50 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 36 years in setting up, Management and Consultancy for Sponge Iron and Steel Projects. He is an independent Director on the Board.

3. AUDIT COMMITTEE

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

The Company Secretary is the Secretary of the Audit Committee. Sr. General Manager (Accounts) who is the head of the Accounts functions is invited to all the meetings of the Audit Committee. A representative of the Statutory Auditors is a permanent invitee to the Audit Committee Meetings.

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

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial' statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
6. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control system of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.