

NOVA

IRON AND STEEL LTD.



23rd ANNUAL REPORT
2014-15



NOVA IRON AND STEEL LTD.

23rd ANNUAL REPORT 2014-15
Year ended 31st March 2015

BOARD OF DIRECTORS

CHAIRMAN

Sh. Sanjay Singal

WHOLE TIME DIRECTOR

Mr. Hardev Chand Verma

DIRECTORS

Mr. Aniket Singal
Mr. R.P. Goyal
Mr. Narsingh Awatar
Mr. M. Ramachandran
Mr. Arvind Gupta
Mrs. Sumiran Aggarwal

CHIEF FINANCIAL OFFICER

Mr. Ajoy Shah

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Dheeraj Kumar

AUDITORS

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

COST AUDITOR

J.K. Kabra & Company
Cost Accountants
552/1B, Arjun Street, Main Vishwas Road,
Vishwas Nagar,
Delhi - 32

BANKERS

Punjab National Bank
Axis Bank Ltd.

REGISTERED OFFICE

Village Dagori, Tehsil Belha, Distt-Bilaspur
(Chhattisgarh)- 495224

CORPORATE OFFICE

F-Block, 1st Floor
International Trade Tower
Nehru Place
New Delhi- 110019

PLANT

Village Dagori, Tehsil Belha, Distt-Bilaspur
(Chhattisgarh)- 495224

REGISTRAR AND SHARE TRANSFER AGENT

Skyline Financial Services Private Limited
D-153A, 1st Floor, Okhla Industrial Area,
Phase- 1, New Delhi - 110020
Tel: +91 11 30857575, Fax +91 1130857562
Contact Person- Mr. Virender Rana
Email: viren@skylinerta.com, rta.nova.rg@gmail.com

EMAIL & WEBSITE

rai_nisl2007@yahoo.com
www.novaironsteel.com

CIN No.:

L02710CT1989PLC010052

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NOVA IRON AND STEEL LTD.

BOARD' REPORT

To Members,

Nova Iron and Steel Limited

Your Directors have pleasure in presenting 23rd Annual Report together with Audited Accounts for the year ended 31st March, 2015.

FINANCIAL HIGHLIGHTS

Particulars	(Rs. in Lacs)	
	2014-15 (12 Months)	2013-14 (12 Months)
Gross Revenue	930.44	5325.71
Profit/Loss before Interest, Depreciation and Tax	-29.95	1865.50
Interest & Financial Cost	601.05	908.39
Depreciation & Amortization	169.45	254.80
Profit/(Loss) before Tax	-800.46	702.32
Extraordinary items (Interest written back)	591.00	0
Deferred Tax	10.21	-4.95
Profit/(Loss) after Tax	-199.24	697.36
Net Loss transferred to Balance Sheet	-199.24	697.36

FINANCIAL SUMMARY

Company earned gross revenue from operations and other income for the financial year under review Rs. 930.44 lacs as compared to Rs. 5325.71 lacs for the previous financial year. Company incurred loss of Rs.199.24 lacs as compared to Profit of Rs. 697.36 lacs for the previous year. Operation of the company remain suspended due to shut down of plant and installation/commissioning of 12 MW Waste Heat Recovery Based (WHRB) power plant and longer period taken for stabilization of induction furnace because of non-availability of raw material resulting into low production.

OPERATION AND FUTURE OUTLOOK

During the year under review, the production of the Company remained low due to installation of 12 MW Waste Heat Recovery Based (WHRB) power plant and induction Furnace. Your company has been sourcing the requirement of coal through E-auction, at higher rates and quality of coal was not as required, thus increasing the cost of production. Fuel supply agreement with Southern Eastern Coalfield Ltd is in dispute and is pending before Hon'ble Supreme Court for adjudication. Availability of higher grade quality of iron ore at higher prices has affected profit. In the current market condition to compete in the market, installation of captive power plant for continuous power supply, utilisation of waste heat of kilns to maximize production capacity utilization, installation of furnace, is needed to produce cost effective sponge iron. The MMDR Amendment Act, 2015 has dispensed with the Central Government Approval for Steel and State are empowered to execute prospecting license or mining leases where there is letter of intent. Remaining mines will be allocated through E-Auction. Your company does not have its own captive iron ore mines. The company has applied for grant of prospecting license for Iron ore over an area of 11.47 sq kms in village Madamnar Dist Narayanpur, Chhattisgarh, expected to contain high grade iron ore which is yet to be recommended.

The demand of sponge iron in the market also remained low because of higher cost of production resulting into lower sales and import of steel at lower rates. The installation of induction furnace is in progress. Power supply from the state government remained irregular. The installation of 12 MW waste heat recovery based (WHRB) power plant is expected to be completed in this year. This will not only save high power cost but also allow the company to sell the excess power through open access there by generating extra revenue.

The installation of 12 MW Waste Heat Recovery Based (WHRB) power plant and induction furnace has taken a longer period for its stabilization. However the plant is expecting to start during current financial year.

CHANGE IN NATURE OF BUSINESS,

There was no change in the nature of business of the Company during the financial year ended 31st March, 2015.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 is at Annexure -1 to Board's Report.

BOARD MEETINGS

During the financial year 2014-2015, the Board of Directors of the Company, met 06(Six) times on 22.04.2014, 30.05.2014, 11.08.2014, 10.11.2014 and 09.02.2015(2) including separate Meeting of the Independent Directors.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(5) of Companies Act, 2013, with regard to Directors' Responsibility Statement, your Directors hereby confirm that:

- in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- 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 year;
- the Directors have taken proper and sufficient care of the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a going concern basis.
- the internal financial controls to be followed by the company were laid down and such internal financial controls were adequate and were operating effectively.
- proper systems to ensure compliance with the provisions of all applicable laws.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

- Company has received declaration of independence from Independent Directors namely Mr. Narsingh Awatar, Mr. Arvind Gupta and Mr. M Ramchandran confirming the



requirements of Section 149(6) of the Companies Act, 2013 and rules thereunder. Independent Directors were appointed directors for a term of 3 years in 22nd Annual General Meeting.

- (b) Since last Annual General Meeting the following changes have taken place in the Directorship/KMPs of the Company.

Mrs. Sumiran Aggarwal has been appointed as additional Director (Women) of the Company w.e.f. 02.04.2015. Nomination and Remuneration committee recommend the appointment on dated 27-03-2015. Procedural steps taken for appointment.

In accordance with the provisions of Articles of Association of the Company and provision of Companies Act, 2013, Sh. Sanjay Singal (DIN 00006579) Director retires by rotation and being eligible has offered himself for re-appointment. None of the Directors has incurred disqualification under Section 164 of the Companies Act, 2013. During the year there is no change in KMP.

CODE OF CONDUCT

Declaration pursuant to clause 49 of listing agreement in respect of compliance with code of conduct by Whole Time Director / CEO is at Annexure - 8.

DIRECTOR IDENTIFICATION NUMBER (DIN)

Present Directors have obtained Director Identification Number (DIN) under Director Identification Rules, 2006 which is valid DIN under Companies (Appointment and Qualification of Directors) Rules, 2014.

NOMINATION AND REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

Board of Directors of the Company, approved a policy for nomination and remuneration for directors, KMP and other employees containing interalia criteria for determining qualifications, positive attributes, independence of a director, payment of Managerial remuneration, and other related matters is annexed at Annexure-2 of Board's Report which can be assessed at our weblink;

<http://www.novaironsteel.com/pdfs/Remuneration%20Policy.pdf>.

AUDIT COMMITTEE

In compliance with the provisions of Section 177 of Companies Act, 2013 and Corporate Governance, Company has constituted Audit Committee and presently Mr. N. Awatar and Mr Arvind Gupta, Independent Director and Mr. R. P. Goyal are Members of the Committee Mr. N. Awatar is Chairman of the company. Audit Committee have powers and authority as provided under the aforesaid provisions and act in accordance with the terms of reference specified by the Board of Directors from time to time. Board has accepted all recommendation of the Committee.

AUDITORS

M/s Antima & Goel, Chartered Accountants, New Delhi (Regd. No. 009062N), Statutory Auditors have been appointed for

period of three years and hold office till the conclusion of the 25th Annual General Meeting of the Company to be held in the year 2017, subject to ratification of their appointment at every Annual General Meeting. Statutory Auditors have confirmed their eligibility u/s 139 of the Act to continue as Auditors of the Company.

AUDITORS' REPORT

Auditors have not made any qualification/adverse remarks /observations/disclaimer on the Financial Statement for the year ended 31st March 2015. The observations, if any, are self-explanatory and calls for no comments.

COST AUDIT

Rule 4(2) of Cost Audit Rules 2014 is not applicable on the Company as notified vide notification dated 31.12.2014 since overall annual turnover of the Company from all its products and services during the year is less than Rs. 100 crore, hence company is not required to appoint Cost Auditors. However M/s J.K. Kabra and Associates has been appointed Cost Auditor for FY 2014-15.

SECRETARIAL AUDIT

M/s Sharma Sarin & Associates who were appointed as secretarial auditors of the Company for the Financial year 2014-15 after conducting the Secretarial Audit has given Secretarial Auditor's Report in form MR-3 is annexed as Annexure- 3 to the Board Report. There are no qualifications, reservations or adverse remarks made by Secretarial Auditors in their Report.

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

Information pursuant to Section 134(3)(m) of Companies Act, 2013 regarding conservation of Energy, Technology Absorption, foreign exchange earnings and outgo is enclosed at Annexure - 4 to the Board's Report.

INTERNAL AUDITORS AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Company has appointed M/s Rajesh Aggarwal & Associates, Chartered Accountant as Internal Auditor for the F.Y. 2015-16. Internal control framework of the Company is adequate and commensurate with the nature of the business and size of the Company. The internal auditors monitor and evaluates the efficacy and adequacy of Internal Financial Control system in the company, its compliance with operating system, accounting procedures and policy. Internal Auditors submit his report to Audit committee periodically.

PARTICULARS OF LOAN, GUARANTEE OR INVESTMENT UNDER SECTION 186

During the financial year ended 31st March, 2015, Company has neither made Loan/investments nor given guarantees nor provided security u/s 186 of the Act. (Also refer note 11 attached financial statements of the Company in respect of investments of the Company)

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES



NOVA IRON AND STEEL LTD.

The particulars of contract and arrangement entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain contract/arrangement at arm's length are disclosed in Form No. AOC-2 at Annexure -5 to Board's Report.

CAPITAL & RESERVES

There is no change in the capital of the Company as on 31.03.2015. Company has not transferred any amount to the Reserve.

DIVIDEND

In view of losses incurred during the year, Board of Directors has not recommended Dividend for distribution for the year 2014-15.

EMPLOYEES STOCK OPTION

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

LISTING/DELISTING

The Equity shares of the company are listed at Bombay Stock Exchange. The Company has paid listing fees to the Stock Exchange for the year 2014-15. 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 from Delhi Stock Exchange vide letter dated 02.06.2011. Further Delhi Stock Exchange has also been derecognized under SEBI order dated 19.11.2014. During the year shares listed at Calcutta Stock Exchange Limited has been delisted on 23.06.2015.

BUY BACK OF SHARES

During the year, Company has not buy back its shares nor it has given any loan for purchase of its own shares.

MATERIAL CHANGE(S)

No material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this Report.

RISK MANAGEMENT POLICY

During the year, the Board of Directors has adopted a Risk Management Policy/Plan for the Company, whereby, risks are broadly categorized. The Policy outlines the parameters of identification, assessment, monitoring and mitigation of various risks which are key to business objectives which is also available at weblink: <http://www.novaironsteel.com/pdfs/Risk%20Management%20Policy.pdf>.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Being listed company, the Board of Directors of your Company, has constituted CSR Committee (for composition of committee please refer Corporate Governance Report attached to Board' Report). On the recommendation of CSR Committee, CSR Policy of the Company has been approved by the Board which is available on our weblink: <http://www.novaironsteel.com/pdfs/CSR%20Policy.pdf>.

The Annual Report on CSR activities as per Companies (Corporate Social Responsibility Policy) Rules, 2014 is at Annexure -6 to the Board Report. Company has not spent any amount since net average net profit of the last three years of the company is negative.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

M/s Prudent Transport Company Limited is an associate company. Company do not have subsidiary or joint venture. During the year ended 31st March, 2015, no entity became or ceased to be subsidiary, joint venture or associate of the Company except as stated above.

PERFORMANCE EVALUATION

During the year Board of Directors evaluated performance of its own, Committees and all the individual Directors including Independent Directors and concluded by affirming that the Board summarizing as a whole as well as all of its Directors, individually and the Committees of the Board continued to good governance and contribute its best in the overall growth of the organisation. Independent directors also held separate meeting to evaluate performance of Chairman and executive directors and expressed satisfaction on their performance.

DEPOSITS

The Company has neither accepted nor renewed any deposits during the year under review.

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.

MATERIAL ORDERS

There was no significant and material order passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

PARTICULARS RELATING TO EMPLOYEES

Details pursuant to section 197(12) of the Companies Act, 2013 read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is at Annexure -7 of Board' Repot. During the year no employees has remuneration equal to or more than prescribed limit under Rule 5(2) and 5(3) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, hence information under these rules be treated as NIL.

DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM /WHISTLE BLOWER POLICY FOR DIRECTORS AND EMPLOYEES

Company has in place a composite 'Vigil Mechanism' Policy/Whistle Blower Policy available to the employees and directors to blow the whistle/ highlight any fraud, irregularity, wrongdoing etc. which is also available at weblink: <http://www.novaironsteel.com/pdfs/Vigil%20Mechanism.pdf>.

CORPORATE GOVERNANCE



NOVA IRON AND STEEL LTD.

A report on Corporate Governance is at Annexure-9 and a certificate from Statutory Auditors and a certificate from whole time director and CFO of the Company regarding compliance of conditions of Corporate Governance in terms of Clause 49 of Listing Agreement is at Annexure 10 and 11 respectively to Board's Report.

GENERAL

(i) ENVIRONMENT & OTHER APPLICABLE LAW

The Company is committed to the protection of environment and is not involved in any activity hazardous to environment. The Company adheres to the provisions of the applicable provisions of environment laws.

(ii) HEALTH & SAFETY

In order to build a sustainable work place environment, a common health and safety management system is being implemented. All efforts are being made to enhance safety standards and processes in order to minimise safety risks in all our operations. The Company has made specific improvements in construction activities, expansion and installation of power plant.

(iii) SEXUAL HARASSMENT OF WOMEN

The Company has zero tolerance towards sexual

harassment at the workplace. During the Financial Year 2014-15, the Company has received no complaints of sexual harassment

(iv) INDUSTRIAL RELATIONS

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

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

(Sanjay Singal)
Chairman
DIN00006579

Place : New Delhi
Date :12.08.2015



NOVA IRON AND STEEL LTD.

Annexure 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2015

[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

(i) CIN	L02710CT1989PLC010052	(ii) Registration Date	01/05/1989
(iii) Name of Company	Nova Iron and Steel Limited	(iv) Category/Sub-Category of the Company	Company limited by shares/ Indian Non-government Comp any.
(v) Address of the Registered office and contact details	Village-Dagori, Tehsil Belha, Bilaspur, Chhattisgarh 495224 Tel:077 -52285217, Fax:077-52285213	(iv) Whether listed company	Yes
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	Skyline financial Services Private Limited, D-153A, 1 st Floor, Okhla Industrial Area, Phase-I, New Delhi 1100020, Tel+91 11 30857575		

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl.No.	Name and Description of main products/ services	NIC Code of the Product/ service	% tototal turnover of the company
1.	Iron & Steel	271	55.82
2.	Trading of Iron & Steel	511	42.25

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the company	CIN/GLN	Holding/ subsidiary /Associate	% of equity shares held	Applicable section
1	Prudent Transport Co. P. Ltd. Regd. Office: 3, Industrial Area, Phase-I, Chandigarh	U24241CH1999PLC022719	Associate	28%	2(6) of Companies Act, 2013

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Shareholders Category of	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				%Change during the year
	Demat	Physical	Total	% of total Equity Share	Demat	Physical	Total	% of Equity Share	
A. PROMOTERS									
(1) Indian									
(g) Individual/HUF	-	-	-	-	-	-	-	-	-
(h) Central Govt.	-	-	-	-	-	-	-	-	-
(i) State Govt.	-	-	-	-	-	-	-	-	-
(j) Bodies Corp.	24231786	-	24231786	67.05	24231786	-	24231786	67.05	No change
(k) Banks/FI	-	-	-	-	-	-	-	-	-
(l) Any other...	-	-	-	-	-	-	-	-	-



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Shareholders Category of	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				%Change during The year
	Demat	Physical	Total	% of total Equity Share	Demat	Physical	Total	% of Equity Share	
Sub- Total (A) (1) :-	24231786	-	24231786	67.05	24231786	-	24231786	67.05	No change
(2) FOREIGN									
(a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
(b) Other- Individuals	-	-	-	-	-	-	-	-	-
(c) Bodies Corp.	-	-	-	-	-	-	-	-	-
(d) Banks/FI	-	-	-	-	-	-	-	-	-
(e) Any other.....	-	-	-	-	-	-	-	-	-
Sub- Total(A) (2) :-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter									
(A)=(1)+(2)	24231786	-	24231786	67.05	24231786	-	24231786	67.05	No change
B. Public Shareholding									
1. INSTITUTIONS									
a) Mutual Funds	3600	504696	508296	1.41	3600	503496	507096	1.40	-0.01
b) Banks /FI	0	144	144	0	0	144	144	0	No change
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital	-	-	-	-	-	-	-	-	-
i) Funds others (Specify)	-	-	-	-	-	-	-	-	-
Sub- Total (B) (1) :-	3600	504840	508440	1.41	3600	503640	507240	1.40	-0.01
2. NON-INSTITUTION									
(a) BODIES CORP.									
(i) Indian	2990151	20880	3011031	8.33	2965572	20880	2986452	8.26	-0.07
(ii) Overseas	-	-	-	-	-	-	-	-	-
(b) INDIVIDUALS									
(i) Individual Shareholders holding nominal share capital upto Rs. 1 Lakh	1928039	5772668	7700707	21.31	1982516	74931402	76913918	21.28	-0.03
(ii) Individual Shareholders holding nominal share Capital in excess of Rs. 1 Lakh	411462	44112	455574	1.26	502772	44112	546884	1.51	0.25
(c) Others (Specify) Non Resident	22574	209376	231950	0.64	27384	148344	175728	0.49	-0.15
Sub- Total(B) (2) :-	5352226	6047036	11399262	31.54	5478244	5922218	11400462	31.55	0.01
Total Shareholding (B)=(B)(1)+(B)(2)	5355826	6551876	11907702	32.95	5481844	6425858	11907702	32.95	No change
C. Shares held by custodian for GDRs & ADRS									
					-	-	-	-	-
Grand Total (A+B+C)	29587612	6551876	36139488	100	29713630	6425858	36139488	100.00	No Change