



30th Annual Report

2021-2022

FOR THE ATTENTION OF SHAREHOLDERS

Since trading of shares on the Bombay Stock Exchange Ltd. is only in demat form, the shareholders holding shares in physical form are requested to get the shares dematerialized. For this you are required to open a demat account with any Depository Participant (DP) and send the shares to Registrar and Share Transfer Agent (RTA) through DP for dematerialization. In case your shares are not traceable, you may get in touch with the Registrar and Share Transfer Agent for the procedure to get the duplicate share certificates and/or any other help/clarification. The contact detail of RTA are: M/s Skyline Financial Services Private Limited, D-153A, 1st Floor, Okhla Industrial Area, Phase-1, New Delhi-110020, Ph. Nos. 011-40450193 to 97, Email : rai_nisl2007@yahoo.com.

Year ended 31st March 2022

BOARD OF DIRECTORS

CHAIRMAN

Mr. H. C. Verma

WHOLE TIME DIRECTOR

Mr. H. C. Verma

DIRECTORS

Mr. Dinesh Kumar Yadav

Mrs. Sumiran Aggarwal

Mr. Suraj Prakash Chaudhary

COMPANY SECRETARY

Mr. Dheeraj Kumar

AUDITORS

M/s MNRS & ASSOCIATES

Chartered Accountants

I-35B, First Floor, Lajpat Nagar - 2

South Delhi - 110024

Phone: 011-46502975, 46102975

E-mail: neeraj@mnrindia.com

Web : www.mnrindia.com

BANKERS

Punjab National Bank

Axis Bank Ltd.

REGISTERED OFFICE

Village Dagori,

Tehsil Belha, Distt-Bilaspur

(Chhattisgarh)- 495224

PLANT

Village Dagori, Tehsil-Belha

Distt-Bilaspur, (Chhattisgarh)-495224

Ph. No.: 07752-285206, 285217

Fax No.: 07752-285213

REGISTRAR AND SHARE TRANSFER AGENT

Skyline Financial Services Private Limited

D-153A, 1st Floor, Okhla Industrial Area,

Phase- 1, New Delhi – 110020

Tel: +91 011 40450193 to 97, Fax +91 11 30857562

Contact Person : Mr. Virender Rana

Email: viren@skylinert.com

EMAIL : rai_nisl2007@yahoo.com

WEBSITE : www.novaironsteel.com

CIN No.: L02710CT1989PLC010052

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BOARD REPORT

To Members,
Nova Iron and Steel Limited
Registered office: Village-Dagori,
Tehsil-Belha, Distt.-Bilaspur
Chhattisgarh

Your Directors have pleasure in presenting the 30th Annual Report together with Standalone Audited Accounts for the year ended 31st March, 2022.

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

Particulars	2021-22	2020-21
	(12 Months)	(12 Months)
Gross Revenue	61382.67	35150.55
Profit/Loss before Interest, Depreciation and Tax	2405.74	1442.08
Interest & Financial Cost	2486.66	52.76
Depreciation & Amortization	993.01	871.42
Profit/(Loss) before Exceptional item & tax	(1073.92)	517.90
Exceptional item	-	-
Profit/(Loss) after Exceptional item & before Tax	(1073.92)	517.90
Tax Expenses:		
Current Tax	-	4.23
Deferred Tax	404.26	1704.87
Net Profit/(Loss) after tax	(1478.18)	(1191.21)

PERFORMANCE

During the year under review, the Company achieved highest Gross Sales of Rs. 613.83 crores as against Rs. 351.51 crores in the previous year reflecting growth of 74% over the previous year. The EBITDA for the year was Rs. 24.06 crores as against Rs. 14.41 crores in the previous year, up by 67% over the previous year. However, after providing for interest, depreciation and tax, Company incurred losses of Rs. 14.78 crore as compare to previous year Rs. 11.91 crore due to increase in Interest & Financial Cost. In first two quarters impact of Covid-19 pandemic in the country and during the year increase in prices of key raw material, rupee depreciation impacted the profitability and thus the loss for the year. The performance of the Company was satisfactory during the year despite the economy having been impacted by the COVID pandemic. Although the year was marked by high volatility in the raw material prices, the Company was able to insulate itself to a significant extent.

FUTURE OUTLOOK

Over previous year the Company has entered operation and Management Agreement with M/s R.K. Sponge Iron Pvt. Ltd. The performance of said Agreement was satisfactory and for next coming years this will provide long term stability to the operations of the Company and improve its operating and financial performance. This shall go a long way in enhancing the revenue and profitability of the Company. The Company is taking all necessary measures in terms of mitigating the impact of the challenges being faced in the business. It is focused on controlling the fixed costs, maintaining liquidity and closely monitoring the supply chain to ensure that the manufacturing facilities operate smoothly.

CAPITAL & RESERVES

During the year there is no change in the capital of the Company. Company has not transferred any amount to the General Reserve. Balance of profit has been transferred to Reserve and Surplus.

DIVIDEND

In view of loss during the year, Board of Directors has not recommended Dividend for distribution.

CHANGE IN NATURE OF BUSINESS

There was no change in the nature of business of the Company during the financial year.

BOARD MEETINGS

During the financial year Seven meetings of Board of Directors of the Company held including one Meeting of the Independent Directors.

AUDIT COMMITTEE

Composition of Audit Committee comprises, 3(three) members, Mrs. Sumiran Aggarwal, Independent Director, Mr. Suraj Prakash Choudhary, Independent Director and Mr. Dinesh Kumar Yadav, Director. Mr. Suraj Prakash Choudhary is Chairman of the Committee. Audit Committee have powers and authority as provided under the provisions of Companies Act, 2013 and Regulation 18 of SEBI (LODR) Regulations 2015, in accordance with the terms of reference specified by the Board of Directors from time to time. Board has accepted all recommendations of the Committee made during the year. During the year 4 meeting of audit committee held and committee has reviewed related party transactions periodically.

EXTRACT OF ANNUAL RETURN

The extract of the Annual Return in Form MGT-9 under Companies Act, 2013 ("Act") and rules made thereunder is at **Annexure -1** attached to Board's Report.

AUDITORS AND AUDITORS' REPORTS

The Board of Directors have appointed M/s MNRS & Associates, Chartered Accountants, (FRN: 018340N) as Statutory Auditors of the Company to fill the casual vacancy caused by resignation of M/s Ashwani & Associates, Chartered Accountant (FRN: 000497N), Ludhiana up to the conclusion of ensuing Annual General Meeting.

The Auditors in their Report to the members, have given qualified opinions and the explanations of Board with respect to it in pursuant to section 134(3)(f) of Companies Act, 2013 are as follows:

Explanations to note on Basis for Qualified opinion of Independent Auditors Report.

(a) Property, Plant and Equipment register has contained full particulars and updating with particular as described under the Companies (Auditor's Report) Order, 2020. Further management is implementing a systematic procedure for physical verification at regular intervals.

(b) Fair Valuation of investment of Rs. 315.92 lacs in equity instruments was not possible because of Balance Sheets of the investee companies were not audited and not available at the balance sheet date and accordingly carried these investments at the old carrying value.

(c) Company has sent confirmation letters to suppliers carrying advance in the financial statements at Rs. 3977.82 lacs and copy of said letter along with dispatch evidence has been provided to the Statutory Auditor of the Company.

(d) Management is implementing a systematic procedure for physical verification of inventories at regular intervals.

(e) The Management is contesting the borrowings from Bhushan Power and Steel Limited and disputing that such demand is not due and payable, copy of the all correspondence has been provided to the auditors.

(f) Out of Borrowing from other parties amount of Rs. 10199.01 lacs has been settled through Arbitration Award, copy of the same has been provided to the auditors.

(g) Company has sent confirmation letters to trade payables carried in the financial statements at Rs.12292.59 lacs and copy of said letters along with dispatch evidence has been provided to the Statutory Auditor of the Company.

(h) Company is taking necessary steps to measure the contingent liabilities Rs.4760.30 lacs and Borrowing of Rs.33187.53 lakhs which are under dispute and accordingly company will make provision or necessary arrangements against said contingent liabilities.

Explanations to note on Basis for Emphasis of Matter of Independent Auditors Report.:

a) no further comments required, statement is self-explanatory.

b) no further comments required, statement is self-explanatory.

c) Company is implementing the procedure to identify details of struck off companies with Ministry of Corporate Affairs portal and sending letters of confirmation.

d) Company has given advertisement many times but no candidate is ready to join the company because the location of registered office is in backward areas, however, company is putting best efforts to appoint Chief Financial Officer in terms of the requirements of the Companies Act, 2013.

SECRETARIAL AUDITOR

In terms of Section 204 of the Act read with Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Board at its meeting held on 12/02/2021 appointed M/s K.V. Bindra & Associates, Practicing Company Secretary, Chandigarh as the Secretarial Auditor of the Company, to conduct the Secretarial Audit for the financial year 31/03/2022 and to submit Secretarial Audit Report in Form No. MR-3. A copy of the Secretarial Audit Report is at **Annexure-2** attached to Board Report.

COST AUDIT

Pursuant to Section 148(1) of the Companies Act, 2013, Company is required to maintain cost records as specified by the Central Government and accordingly such accounts and records are made and maintained. Accordingly, the Board of Directors in its meeting held on 20/09/2022 has appointed M/s. J.K. Kabra & Company, Cost Accountant, Delhi, on the recommendation of the Audit Committee, for auditing the cost records of the Company for the Financial Year 2022-23. Appropriate resolution seeking your ratification of the remuneration of Cost Auditors, is included in the Notice convening the 30th Annual General Meeting of the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Company's Board is duly constituted which is in compliance with the requirements of the Companies Act, and SEBI (LODR) Regulation, 2015.

Since last Financial year, the following changes have taken place in the Directorship/KMPs of the Company.

Sh. Dinesh Kumar Yadav, has been appointed as Director (Technical) of the Company w.e.f. 14/08/2021.

Sh. Suraj Prakash Choudhary has been appointment as Independent Director of the Company w.e.f. 14/08/2021.

Sh. V.P. Chhabra, has been resigned as Director of the Company w.e.f. 15/01/2022.

Sh. Narsingh Awatar, Independent Director of the Company has vacation of the office under section 167 of the act, w.e.f. 02/12/2021.

None of the Directors has incurred disqualification under Section 164 of the Act or liable to cease director under section 167 of the Act, except Sh. Narsingh Awatar, Director of the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Act, with regard to Directors' Responsibility Statement, your Directors hereby confirm that:

- (a) in the preparation of the annual accounts, for the year ended 31/03/2022 the applicable accounting standards have been followed to the extent of its applicability along with proper explanation relating to material departures and the annual accounts have been prepared in compliance with the provisions of the Companies Act, 2013;
- (b) 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 of the Company for the year;
- (c) 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;
- (d) the Directors have prepared the annual accounts on a going concern basis.
- (e) the internal financial controls to be followed by the company were laid down and such internal financial controls were adequate and were operating effectively.
- (f) proper systems to ensure compliance with the provisions of all applicable laws were devised.

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 has 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 at **Annexure-3** attached to the Board's Report which can be assessed at Company's weblink; <http://www.novaironsteel.com/pdfs/Remuneration%20Policy.pdf>.

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

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

INTERNAL AUDITORS AND ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Company has appointed M/s Ankit Singla & Co., Chartered Accountants as Internal Auditor of the Company. 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 evaluate 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 yearly.

PARTICULARS OF LOAN, GUARANTEE, INVESTMENT OR PROVIDING SECURITY

During the financial year, Company has neither given loan nor given guarantee nor provided security or made investment u/s 186 of the Act. (Please refer notes attached to financial statements of the Company in respect of investments of the Company).

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year under review, there is no 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. Hence no disclosure in Form AOC-2 is required to be attached with Board's Report.

EMPLOYEES STOCK OPTION

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

LISTING

The Equity shares of the company are listed at Bombay Stock Exchange. The Company has paid listing fees to the Stock Exchange for the FY 2022-23.

Further, during the year trading of securities of the Company was suspended by Bombay Stock Exchange Limited due to penal provision of non-compliance of SEBI (LODR) Regulations, 2015. However, company has complied with said regulations and file an application for Revocation of Suspension of Trading of Securities with Bombay Stock Exchange which is in process.

BUY BACK OF SHARES

During the year, Company has not made buy back of 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 statement relate and the date of this Report.

RISK MANAGEMENT POLICY

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 Company's weblink: <http://www.novaironsteel.com/pdfs/Risk%20Management%20Policy.pdf>.

PERFORMANCE EVALUATION OF BOARD

During the year under report Board of Directors evaluated performance of 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 annual performance of Chairman and executive directors and expressed satisfaction on their performance.

DEPOSITS

During the year under report, company has not accepted any deposits under Chapter V of the Act, from the public and as such no amount of principal or interest was outstanding on the date of Balance Sheet. Information under Rule 8(5)(v)(vi) of Companies (Accounts), Rules 2014 be treated as Nil.

SEGMENT REPORTING

The Company is primarily engaged in the business of manufacturing / trading of Iron & Steel, Metals, Securities & Natural Resources business. So accordingly no segment report required to be disclosed.

SIGNIFICANT AND MATERIAL ORDERS

During the year there was no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

PARTICULARS RELATING TO REMUNERATION OF EMPLOYEES OF THE COMPANY

Details pursuant to section 197(12) of the Act read with Rule 5(1) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is at **Annexure -5** attached to the Board' Report. During the year no employee 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. Pursuant to MCA Notification dated 30.06.2016 detail of top ten employees as attached to Board Report is at **Annexure-6**.

CODE OF CONDUCT

Declaration pursuant to Regulation 34(3) of SEBI (LODR) Regulations, 2015 in respect of compliance with code of conduct by Whole Time Director/CEO is at **Annexure-7** attach to the Board Report.

CORPORATE SOCIAL RESPONSIBILITY POLICY

Company has constituted Corporate Social Responsibility (CSR) Committee. Mr. Hardev Chand Verma, Whole Time Director, Mr. Dinesh Kumar Yadav, Director and Mr. Suraj Prakash Choudhary, Independent Director are members of the Committee. Mr. Suraj Prakash Choudhary is the Chairman of the Committee. On the recommendation of CSR Committee, CSR Policy of the Company has been approved by the Board which is uploaded at Company's 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 -8** attached to the Board's Report.

SUBSIDIARIES, JOINT VENTURES OR ASSOCIATE COMPANIES

Company do not have Subsidiary or Associates or Joint Venture company. Therefore, consolidated financial statement in form AOC-1 annexed to the Board' Report is not applicable.

VIGIL MECHANISM /WHISTLE BLOWER POLICY

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: <https://www.novaironsteel.com/pdfs/Vigil%20Mechanism.pdf> Board's Report in compliance of SEBI (LODR) Regulations, 2015.

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 minimize safety risks in all our operations.

(iii) SEXUAL HARASSMENT OF WOMEN

The Company has zero tolerance towards sexual harassment at the workplace. During the Financial Year 2021-22, the Company has received no complaints of sexual harassment since there is no female employee.

(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

(H.C. Verma)
Chairman
DIN:00007681

Place: New Delhi
Date: 03/11/2022