

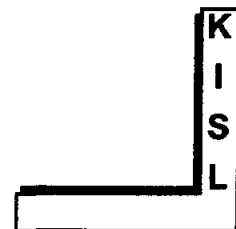
KUSUM IRON & STEEL LIMITED

11th ANNUAL REPORT AND

ACCOUNTS

2000-2001

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KUSUM IRON & STEEL LIMITED

BOARD OF DIRECTORS :

SRI A. K. AGARWALA : Director
SRI N. K. AGARWALA : Director
SRI S. K. AGARWALA : Director

BANKERS :

STATE BANK OF MYSORE
VIJAYA BANK
INDIAN BANK

FINANCIER :

WEST BENGAL FINANCIAL CORPORATION

AUDITOR :

M/S. L. K. BOHANIA & CO.
CHARTERED ACCOUNTANTS
"ANAND JYOTY",
41, N. S. ROAD, 4TH FLOOR,
ROOM NO. 404, CALCUTTA-700 001

SHARE TRANSFER DEPARTMENT :

KUSUM IRON & STEEL LTD.
SHARE DEPARTMENT
"MITRUKA HOUSE",
42, M. G. ROAD,
SILIGURI-734405 (W.B.)

REGD. OFFICE :

"MITRUKA HOUSE",
42, M. G. ROAD,
SILIGURI-734405

FACTORY :

RANINAGAR INDUSTRIAL GROWTH CENTRE
P.O. PATKATA, DIST. JALPAIGURI (W.B.)

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KUSUM IRON & STEEL LIMITED**NOTICE**

Notice is hereby given that the Eleventh Annual General Meeting of Kusum Iron & Steel Limited will be held at "Mitruka House", 42, M. G. Road, Siliguri-734405 on Tuesday, 18th September, 2001 at 11.00 am to transact the following business.

ORDINARY BUSINESS :-

1. To receive, consider and adopt the audited Balance Sheet of the Company at 31st March 2001 and the Profit and Loss Account for the year ended as on that date and the reports of the Board of Directors and of the Company's Auditors.
2. To appoint a Director in place of Sri Ashok Kumar Agarwala, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Sri Sanjay Kumar Agarwala, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Auditors and fix their remuneration and for this purpose to consider and, if thought fit, to pass the following resolution with or without modification.

"RESOLVED that pursuant to the provisions of section 224 of the Companies Act, 1956, M/s L. K. Bohania & Co. be and is hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting of the company at a remuneration to be decided mutually between the Board of Directors and the Auditors."

SPECIAL BUSINESS :-

To consider and if thought fit, to pass with or without modification(s), the following resolution(s);

5. (AS A SPECIAL RESOLUTION)

"RESOLVED that the Equity shares of the company be delisted from Madras Stock Exchange in accordance with the relevant laws, rules, regulations or guidelines and subject to such approval as may be necessary and in compliance with such conditions and modifications as may be necessary for the purpose.

KUSUM IRON & STEEL LIMITED

RESOLVED FURTHER that the Board of Directors of the Company (herein after referred to as the "Board") be and is hereby authorized to seek voluntary delisting, to take all necessary steps in this regard as may in its absolute discretion deem necessary and to settle any question, difficulties, doubts that may arise in this regard to delisting of existing shares, and to executed all such deeds, documents, writings as may be necessary or expedient and for this purpose to delegate the authority to the Director Shri N. K. Agarwala or any person whom the Director Shri N. K. Agarwala may consider suitable to do various acts, deeds and things required to be done in this behalf."

6. (AS A SPECIAL RESOLUTION) NOMINATION BY SHAREHOLDER OR DEBENTUREHOLDER

- a) Every shareholder of Debenture holder of the company may at any time nominate, in the prescribed manner, a person to whom shares in or debentures of the company held by him shall vest in the event of his death.
- b) Where the shares in or debentures of the company are held by more than one person jointly, the joint holders may together nominate, in the manner prescribed under the Act, a person to whom all the rights in the shares in or debentures of the company shall vest in the event of the death of all the joint holders.
- c) Not with standing anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, in respect of such shares in or debentures of the Company, where a nomination made in the prescribed manner purports to confer on any person the right to the shares in or debentures of the Company, the nominee shall, on the death of the shareholder or debenture holder or as the case may be, on the death of the joint holders, become entitled to all the rights in such shares or debentures, to the exclusion of all other persons, unless the nomination is varied, cancelled in the prescribed manner.
- d) Where the nominee is a minor, it shall be lawful for the holder of the shares or debentures, to make the nomination to appoint in the prescribed manner, any person to become entitled to shares in or debentures of the Company, in the event of his death during the minority of the nominee.
- e) A nominee, upon production of such evidence as may be required by the Board and subject to the conditions as hereinafter provided, elect either :-
 - i) to get himself registered as holder of the shares or debentures, as the case may be; or
 - ii) to make such transfer of the shares or debentures as the case may be, in the same manner as the deceased shareholder or debenture holder, could have made;

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- iii) if the nominee elects to get himself registered as holder of the shares or debentures, as the case may be, he shall deliver or send to the company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased shareholder or debenture holder as the case may be;
- iv) a nominee shall be entitled to the same dividends and other rights to which he would be entitled to, if he were the registered holder of the shares or debentures except that he shall not, before being registered as a member in respect of his share or debenture, be entitled in respect thereof to exercise any rights conferred by membership in relation to meetings of the Company.

Provided further that the Board may, at any time, give notice requiring any such person to elect either to get himself registered or to transfer the shares or debenture, and if the notice is not complied with within ninety days, the Board may there after withhold payment of all dividends, bonuses or other monies payable or rights accruing in respect of the shares or debentures, until the requirements of the notice have been complied with.

Place: Siliguri
Date: 11-07-2001

By order of the Board
S/d
N. K. AGARWALA
Director

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NOTE:

1. Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such a proxy need not be a member of the company.
2. A Instrument of proxies in order to be effective must be deposited with the company at its Registered office not less than 48 hours before the commencement of the meeting.
3. The register of members of the Company and Share Transfer Book will remain closed from 8th September 2001 to 18th September 2001 (both days inclusive).
4. Members who have multiple registered folios in identical order of names(s) are requested to write to the company quoting their Registered Folio Numbers and enclosing their Share Certificate, for consolidation of all such shareholding into one registered folio to facilitate better service.

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5. Members are requested to bring the attendance slips along with copies of Annual Report to the Meeting.
6. The relative explanatory statement pursuant to section 173(2) of the Companies Act, 1956 in respect of items 5 and 6 is annexed hereto.

ANNEXURE TO THE NOTICE

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

ITEM NO. 5

The Equity Shares of the Company are listed on the Stock Exchange at Calcutta, Mumbai and Chennai. It has been observed that the bulk of the trading of the shares of the company is taking place other than Chennai Stock Exchange. In fact there has been no trading of the company's share at Chennai for quite some period. The company has been spending considerable amount of money on listing fees, advertisements in newspaper in respect of various provisions in respect of listing agreement and also on communication in the form of fax, intimations, couriered letters etc. which expenditure is not commensurate with the benefits derived by the shareholders. As a part of its cost reduction measures, the company has proposed delisting of its shares from the said Chennai Stock Exchange and in line with the SEBI regulation for voluntary delisting, the approval of member is sought by a special resolution for delisting the shares of the company from the said stock exchange.

The company will comply with the other formalities specified in the SEBI regulation like publication of notice of the resolution in the press and providing the exit route to the shareholders in the said region after fixing a record date. The shareholders/investors in this region will not suffer due to delisting with the introduction of screen based trading on Calcutta and Mumbai Stock Exchanges and with the recently formed inter-connected stock exchanges, they will have ready access to the national market for securities. The proposed delisting is in the interest of the company and board commends the resolution for acceptance by the members. The shares will be continuing to be listed in Calcutta and Mumbai Stock Exchanges.

None of the Directors are concerned and/or interested in the resolution, except as a shareholder in general.

ITEM NO. 6

Consequent to the enactment of the Companies (Amendment) Act, 1999, the holders of the securities of the Company have been given an option to nominate a person to whom the rights of security holders of the company shall vest in the event of his death. In view of the above, Article _____ is to be inserted to the Articles of Association of the Company as proposed in item no. 6 above.

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KUSUM IRON & STEEL LIMITED

DIRECTORS REPORT TO THE MEMBERS

Dear Shareholders,

Yours Directors present herewith your Company's 11th Annual Report together with the Audited Accounts for the year ended 31st March 2001.

FINANCIAL RESULTS

	(Rupees In Lakhs)	
	<u>31-03-01</u>	<u>31-03-00</u>
1. Turnover	3.03	1.08
2. Total Expenditure	6.31	6.54
3. Interest	16.23	10.92
4. Gross Profit/(Loss)	(19.51)	(16.38)
5. Depreciation	8.22	8.22
6. Provision for Taxation	-	-
7. Net Profit/(Loss)	(27.73)	(24.60)

PRODUCTION

The was no production during the year due to power cut and labour trouble.

DIVIDEND

Due to non availability of distributable profitability your Directors regret their inability to recommend any dividend in respect of Equity shares for the year under review.

DIRECTORS

In Accordance with the provision of the Companies Act, 1956 and the Company's Articles of Association, Sri Ashok Kumar Agarwala and Sri Sanjay Kumar Agarwala, Directors, retire by rotation and being eligible, offer themselves for re-appointment.

AUDITORS

M/s. L. K. Bohania & Co. Chartered Accountants, Auditors of the Company retire at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment. The Company has received a certificate from the Auditors that they are qualified under section 224(1B) of the Companies Act, 1956, to act as the Auditors of the Company, if re-appointed.

KUSUM IRON & STEEL LIMITED

PERSONNEL

None of the employee of the Company is drawing remuneration exceeding the limits specified under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

PUBLIC DEPOSIT

Your company has not accepted any deposit(s) within the meaning of Sec-58A of the Companies Act, 1956 and the rules made thereof.

RESPONSIBILITY STATEMENT

The Board's report

1. that in the affirms preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
2. that the directors had 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 that period;
3. that the directors had taken proper and sufficient care for 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;
4. that the directors had prepared the annual accounts on a going concern basis.

INDUSTRIAL RELATIONS

Industrial relations during the year under review continued to be cordial.

On 09-05-1997 the Electricity Department disconnected the line. The Electricity Department raised the differential bill on 01-04-95 to 30-04-97. The Company has disputed the demand and filed a petition against the above demand to Kolkata High Court. The Honb'le High Court referred the case to the Chief Electrical Inspector, West Bengal and the case is under process. The Company has also disputed bill ammounting to Rs. 12,83,751/- raised during the Financial Year 1998-99. The Chief Electrical Inspector awarded the same and directed W.B.S.E.B. to issue revised bill. Subsequently W.B.S.E.B. has issued revised bill, which was against the order of Chief Electrical Inspector.

SUBSIDIARY

The company does not have any subsidiary within the meaning of sec-4 of the Companies Act, 1956.

KUSUM IRON & STEEL LIMITED**AUDITOR'S REMARK**

With reference to the observations made by the Auditors in their report, the directors are to state that the notes submitted by the Board as contemplated under section 217(3) of the Companies Act, 1956; forming part of Company's Accounts are self explanatory and therefore do not call for any further clarification.

INFORMATION PURSUANT TO SECTION 217(1)(e) OF THE COMPANIES ACT, 1956

Information 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 regarding conservation of energy, technology absorption, foreign exchange earnings and outgo is not applicable for your company during the year under review.

ACKNOWLEDGMENTS

Your Directors wish to place on record their appreciation of the continued support rendered by the Shareholders, Bankers, Financial Institution and Government Agencies.

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REGISTERED OFFICE :

"Mitruka House",
42-M. G. Road,
Siliguri-734405

For and on behalf of the Board
N. K. Agarwala
Director

Dated: The 11th day of July, 2001.