

# 15th ANNUAL REPORT AND ACCOUNTS 2003-2004

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## KUSUM IRON & STEEL LIMITED

# **KUSUM IRON & STEEL LIMITED**

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## **BOARD OF DIRECTORS**

SRI NEEM CHAND MITRUKA	Director
SRI ASHOK KUMAR AGARWALA	Director
SRI NARESH KUMAR AGARWALA	Director
SRI SANJAY KUMAR AGARWALA	Director
SRI SHASHANKA SEKHAR GUHA	Director
SRI AMARNATH JHA	Director
SRI SHIV KUMAR GUPTA	Director

## **BANKERS**

STATE BANK OF MYSORE  
VIJAYA BANK  
INDIAN BANK

## **AUDITOR**

M/S L.K. BOHANIA & CO.  
Chartered Accountants  
"Anand Jyoty",  
41, N.S. Road, 4th Floor,  
Room No. 404, Kolkata - 700 001

## **SHARE TRANSFER DEPARTMENT**

S.K. COMPUTERS  
34/1A, SUDHIR CHATTERJEE STREET  
KOLKATA - 700 006

## **REGD. OFFICE**

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

## **FACTORY**

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

# KUSUM IRON & STEEL LIMITED

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## NOTICE

Notice is hereby given that the Fifteenth Annual General Meeting of KUSUM IRON & STEEL LIMITED will be held at "Mitruka House", 42, M.G. Road, Siliguri - 734405 on Saturday, 17th September, 2005 at 11.00 A.M. to transact the following business.

### ORDINARY BUSINESS :-

1. To consider and adopt the Audited Accounts of the Company, as at 31st March, 2005 and the report of the Directors' and Auditors' Report thereon.
2. To appoint a Director in place of Sri Naresh Kumar Agarwala, who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri Shashanka Shekhar Guha, 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 L.K. Bohania & Co., Chartered Accountants, retire at the conclusion of this Annual General Meeting and being eligible offers themselves for re-appointment.

### SPECIAL BUSINESS :-

5. To consider and, if thought fit, to pass with or without modification(s) the following resolutions as an ordinary resolution: "Resolved that pursuant to the provisions of Section 257 read with other applicable provisions if any of the Companies Act, 1956 as amended to date, consent of the company be and is hereby accorded to appoint Sri **Neem Chand Mitruka** as Director of the company liable to retire by rotation.

By order of the Board

Place : Siliguri

Date : 05-08-2005

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**N.K. AGARWALA**  
Director

### NOTE :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM DULY COMPLETED AND SIGNED, SHOULD REACH THE COMPANY'S REGISTERED OFFICE AT LEAST 48 HOURS BEFORE THE TIME FIXED FOR THE MEETING.
2. The Register of Members and Share Transfer Books of the Company will remain closed from the 7th day of September, 2005 to 16th day of September, 2005 (both days inclusive).
3. The explanatory statement pursuant to the provisions of Section 173(2) of the Companies Act, 1956 is annexed to this notice.
4. Members desiring any information as regards Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
5. Members are requested to bring their copy of Annual Report to the Meeting.

# **KUSUM IRON & STEEL LIMITED**

## **EXPLANATORY STATEMENT**

(Pursuant to the provisions of Section 173(2) of the Companies Act, 1956)

### **Item No. 5**

Sri Neem Chand Mitruka was re-inducted as additional directors of the company at the Board Meeting held on 1st October, 2004. Pursuant to the provisions of Section 260 of the Companies Act, 1956 he hold office till the date of the ensuing Annual General Meeting. The Company has received notices from the shareholders Under Section 257 of the Act proposing him as directors. (Notices received are place at the registered office for members inspection any time during the business hours).

The above director have rich experience in the field of real-estate, tea & steel business. The Board feel his service would be beneficial to the company as directors.

Board recommends the Resolution for your approval. None of the Director is interested/ concerned in the resolution except Sri Neem Chand Mitruka.

### **ADDITIONAL INFORMATION REQUIRED TO BE FURNISHED UNDER THE LISTING AGREEMENT :**

As required under the listing agreement the particulars of Directors who are proposed to be appointed/ re-appointed are given below :

1. Name : Sri Neem Chand Mitruka  
Age : 71 Years  
Qualification : H. S.  
Expertise : Vast experience in the field of trading and real-estate business  
Other Directoship : Dalu Holdings Pvt. Ltd., Kusum Udyog Ltd., Megacity Projects Ltd., Diana Tea Co. Ltd., Mahananda Industries Pvt. Ltd.
2. Name : Sri Shashanka Shekhar Guha  
Age : 56 Years  
Qualification : B. Sc.  
Expertise : Vast experience in the field of trading and real-estate business.  
Other Directorship : No.
3. Name : Sri Naresh Kumar Agarwala  
Age : 38 Years  
Qualification : B. Com.  
Expertise : Good experience in the field of finance and documentation  
Other Directorship : Brindniketan Pvt. Ltd.

# **KUSUM IRON & STEEL LIMITED**

## **DIRECTORS' REPORT**

**Dear Shareholders,**

The Directors have pleasure in presenting the Fifteenth Annual Report together with the Audited Accounts for the year ended 31st March, 2005.

### **FINANCIAL - RESULTS**

	(Rs. in Lakh)	
	For the Year ended 31-03-05	For the Year ended 31-03-04
1. Turnover .....	7.29	81.94
2. Total Expenditure .....	9.16	72.96
3. Interest .....	4.38	3.91
4. Gross Profit/(Loss) .....	(6.25)	5.07
5. Depreciation .....	8.22	8.22
6. Provision For Taxation .....	--	--
7. Net Profit /(Loss) (4-5-6) ...	(14.47)	(3.15)

### **PRODUCTION**

There was no production during the year due to power cut and Labour Problem.

### **DIVIDEND**

Due to non availability of distributable profitability, the Director 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 Naresh Kumar Agarwala and Sri Shashanka Shekhar Guha, Director of the Company retire by rotation and being eligible, offer themselves for re-appointment.

Sri Neem Chand Mitruka was inducted as the additional director of the company at the Board Meeting held on 1st October, 2004. He held office till the date of the ensuing Annual General Meeting. The company has received letters from shareholders proposing Sri Neem Chand Mitruka as Director of the company. The Board recommended his appointment.

### **DIRECTORS RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies (Amendment) Act, 2000, the Directors confirm that :

# **KUSUM IRON & STEEL LIMITED**

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- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed alongwith proper explanation relating to material departures;
- (ii) the director had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit of loss on the company for that period;
- (iii) the director 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;
- (iv) the directors had prepared the annual accounts on a "going concern basis".

## **THE CORPORATE GOVERNANCE CODE :**

The Company has complied with the conditions of Corporate Governance as stipulated under the Listing Agreement with the Stock Exchanges. A separate section on Corporate Governance along with a certificate from the Auditor's for the compliance is annexed and forms part of this report.

## **SUBSIDIARIES :**

The Company has no subsidiaries, within the meaning of Section 4 of the Companies Act, 1956.

## **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, foregin exchange earning and outgo is not applicable for your company during the year under review.

## **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.

## **PARTICULARS OF EMPLOYEES**

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 the Employees) Rules, 1975.

# **KUSUM IRON & STEEL LIMITED**

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## **PUBLIC DEPOSIT**

The Company has not accepted any deposit(s) within the meaning of Section 58A of the Companies Act, 1956 and the rules made thereof.

## **FOREIGN EXCHANGE EARNING & OUTGO - ACTIVITIES**

There is neither inflow nor outflow of Foreign Exchange.

## **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 from 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 Hon'ble High Court referred the case to the Chief Electrical Inspector, West Bengal and the case is under process. The Company has also disputed bill amounting 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 for Rs. 51,96,125/-.

## **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 the Company's Accounts are self explanatory and therefore do not call for any further clarification.

## **ACKNOWLEDGEMENTS**

The Directors are grateful for the continued co-operation and assistance extended to it by the Financial Institution and banks in meeting the financial requirements of the company. The Directors also wish to place on record their warm appreciation for the service rendered by the Executives of the Company.

### **Registered Office :**

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

For and on behalf of the Board

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**S.K. Agarwala**  
Director

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**N.K. Agarwala**  
Director

Dated : - The 5th day of August, 2005

# KUSUM IRON & STEEL LIMITED

## ANNEXURE TO DIRECTOR REPORT

Additional information as required under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988.

### [A] CONSERVATION OF ENERGY :

- (a) Energy Conservation measures taken :  
Steps are being taken to conserve energy. There is a conscious and concerted drive towards conservation of energy in all its form.
- (b) Additional Investment and proposal for Reduction of Consumption of energy :  
Nil.
- (c) Impact of measures at (a) and (b) above :  
There is continuous efforts to reduce the cost of production and conserve the energy.
- (d) Total energy consumption and energy consumption per unit of production as per Form A given below :

### A. POWER AND FUEL CONSUMPTION :

2004-2005

1) Electricity	
(a) Purchased Units	-----
Total Amount (Rs. in thousand)	-----
Rate/ Unit (Rs.)	-----
(b) Own Generation	-----
2) Coal	-----
3) Furnace Oil	-----
4) Others	-----
Bags, Husk and other agro Waste	-----
Quantity (in tonnes)	-----
Total Amount (Rs. in thousand)	-----
Average Rate/ Tonne (Rs.)	-----

### [B] TECHNOLOGY ABSORPTION :

- (1) Efforts in brief made towards technology absorption, adoption and innovation :
  - (a) The Company is successfully running its plant with a totally indigenous technology.
  - (b) Bags husk and use of other agro waste is being used for firing in the Boilers furnace.



## **KUSUM IRON & STEEL LIMITED**

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(2) Benefits derived as a results of the above efforts :

\* Achieving towards cost economy.

\* Reducing the cost of fuel.

Utilisation of waste.

(3) Information regarding technology imported during the last 5 years : Nil.

### **[C] FOREIGN EXCHANGE EARNINGS AND OUTGO :**

Foreign Exchange earner	Rs. Nil
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Foreign Exchange used	Rs. Nil
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### **Registered Office :**

"Mitruka House"

42, M.G. Road,

Siliguri - 734405

For and on behalf of the Board

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**S.K. Agarwala**  
Director

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**N.K. Agarwala**  
Director

Dated : - The 5th day of August, 2005

# KUSUM IRON & STEEL LIMITED

## REPORT ON CORPORATE GOVERNANCE

### 1. COMPANY'S PHILOSOPHY

Your Company has always believed in the concept of good corporate governance involving transparency, empowerment, accountability and integrity with a view to enhancing shareholders value. The company has professionally on its Board of Directors who are actively involved in the deliberations of the board on all important policy matters.

### 2. BOARD OF DIRECTORS

#### (a) Composition

Your Company is having 6 members comprising of 1 Chairman and 3 independent Non-executive Directors as on 31-03-2005.

#### (b) Attendance of each Director at the Board Meetings and the last AGM.

7 Board Meetings were held during the year 2004-2005. The dates on which the meetings were held i.e. 28-04-2004, 30-07-2004, 16-08-2004, 18-09-2004, 01-10-2004, 31-10-2004 and 30-01-2005.

Name of the Director	Category	No. of Other Director-ship	No. of Committees In which member	No. of Board Meetings attended	Whether attended last AGM
Mr. Neem Chand Mitruka	Executive	5	NIL	3	Yes
Mr. Ashok Kumar Agarwala	Executive	2	NIL	7	Yes
Mr. Shashanka Sekhar Guha	Independent Non-Executive	Nil	2	6	Yes
Mr. Amarnath Jha	Independent Non-Executive	Nil	2	6	Yes
Mr. Shiv Kumar Gupta	Independent Non-Executive	Nil	2	6	Yes
Mr. Naresh Kumar Agarwala	Executive	1	NIL	7	Yes
Mr. Sanjay Kumar Agarwala	Executive	Nil	NIL	7	Yes

### 3. AUDIT COMMITTEE

An Audit Committee was constituted in April, 2002 which consists of three independent Non-executive Directors. The Members of the Committee are well versed in finance matters, accounts, company law and general business as well as in Companies business practices.