

**16th ANNUAL REPORT & ACCOUNT**  
**2005 - 2006**



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**KUSUM IRON & STEEL LIMITED**  
**"MITRUKA HOUSE"**  
**42, M.G. ROAD, SILIGURI**

# **KUSUM IRON & STEEL LIMITED**

## **BOARD OF DIRECTORS**

SRI NEEM CHAND MITRUKA	Director
SRI ASHOK KUMAR AGARWALA	Director
SRI NARESH KUMAR AGARWALA	Director
SRI SANJAY KUMAR AGARWALA	Director
SRI SASANKA SEKHAR GUHA	Director
SRI AMAR NATH JHA	Director
SRI SHIV KUMAR GUPTA	Director
SRI RAJENDRA KUMAR SHARMA	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

## **FACTORY**

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

# KUSUM IRON & STEEL LIMITED

## NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of KUSUM IRON & STEEL LIMITED will be held at "Mitruka House", 42 M.G. Road, Siliguri- 734405 on Saturday, 16th September, 2006 at 11.00 A.M.

### ORDINARY BUSINESS :-

1. To consider and adopt the Audited Accounts of the Company, as at 31st March, 2006 and the report of the Directors' and Auditors' Report there on.
2. To appoint a Director in place of Sri Sanjay Kumar Agarwala, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Sri Amar Nath Jha, who retires by rotation and being eligible offer himself for reappointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s.L.K.Bohanis & Co. Chartered and Accountants, retire at the conclusion of the 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 resolution as an ordinary resolution: "RESOLVED that pursuant to the provisions of Section 257 read with other applicable provision if any the Companies Act, 1956 as amended to date, consent of the company be and is hereby accorded to appoint Sri Rajendra Kumar Sharma as Director of the company liable to retire by rotation".

By order of the Board

Place : Siliguri

Date : 10-08-2006

**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 THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FROM DULY COMPLETED AT SIGNED, SHOULD REACH THE TIME FIXED FOR THE MEETING.
2. The Register of member and Share Transfer Books of the Company will remain closed from the 6th day of September to 15th day of September, 2006 (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 Account 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 the Section 173 (2) of the Companies Act, 1956 )

### **Item Nos. 5**

Sri Rejendra Kumar Sharma was inducted as additional directors of the company at the Board Meeting held on 28th December, 2005. Pursuant to the provisions of Section 260 of the Companies Act, 1956 they hold office till the date of the ensuing Annual General Meeting . The company has received notice from the shareholders Under Section 257 of the Act proposing them as directors. (Notices received are during the business hour.

The above director have rich experience in the field of steel trading business. The Board feels his service would be beneficial to the company as director.

Board recommends the Resolution for your approval. None of the Director is interested/ concerned in the resolution except Sri Rajendra Kumar Sharma.

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

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

- 1)    Name                                : Sri Rajendra Kumar Sharma  
       Age                                    : 48 Years  
       Qualification                    : M.Sc.  
       Expertise                          : Vast experience in the field of Steel trading business.  
       Other Directorship            : No.
  
- 2)    Name                                : Sri Amar Nath Jha  
       Age                                    : 47 Years  
       Qualification                    : H.S.  
       Expertise                          : Vast experience in the field of Steel trading  
       Other Directorship            : No.
  
- 3)    Name                                : Sri Sanjay Kumar Agarwala  
       Age                                    : 37 Years  
       Qualification                    : B.com.  
       Expertise                          : Vast experience in the field of tea trading and real-estate business.  
       Other Directorship            : No.

# KUSUM IRON & STEEL LIMITED

## DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Sixteenth Annual Report together with the Audited Account for the year ended 31st March, 2006.

### FINANCIAL RESULTS

(Rs. in Lakh)		
	For the year ended 31-03-06	For the year ended 31-03-05
1. Turnover .....	33.43	7.29
2. Total Expenditure .....	19.48	9.16
3. Interest .....	3.93	4.38
4. Gross Profit/ (Loss) .....	10.02	(6.25)
5. Depreciation.....	8.22	8.22
6. Provision For Taxation .....	--	--
7. Net Profit/(Loss) (4-5-6)	1.80	(14.47)

### PRODUCTION

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

### DIVIDEND

Due to non availability of distributable profitability the 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 Companies Articles of Association, Sri Sanjay Kumar Agarwala and Sri Amar Nath Jha, Directors of the company retires by rotation and being eligible, offer themselves for the re-appointment.

Sri Rajendra Kumar Sharma was inducted as the additional director of the company at the Board meeting held on 28th December, 2005. HE hold office til the date of the ensuing Annual General Meeting. The Kumar Sharma as received letter from the company. The Board recommended his appointment.

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 217 (2AA) of the Companies (Amendment) Act, 200, the Directors

# **KUSUM IRON & STEEL LIMITED**

Confirm that :

- (i) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relation to material departures;
- (ii) the directors had selected such accounting policies and applied them consistently and made judgement and estimates that are reasonable and prudent so to give a true and fair view of the state of affairs of the company at the end of the financial years and of the profit or loss of the company for that period;
- (iii) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provision of this Act for safe guarding 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 the certificate from the Auditor's for the compliance is annexed and from 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 Director) Rules, 1988 regarding conservation of energy, technology absorption, foreign exchange earning and out go 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 re-appointment. The Company has received a certificate from the Auditors that they are qualified under Section 224(1B) of the Companies Act, 1956, to act the Auditors of the Company, if re-appointed.

## **PARTICULARS OF EMPLOYEES**

None of the employee of the Company is drawing remuneration exceeding the limits

# **KUSUM IRON & STEEL LIMITED**

specified under Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particular of the Employees) Rules, 1975.

## **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 there of.

## **FOREIGN EXCHANGE EARNING & OUT GO ACTIVITIES**

There is neither inflow nor outflow of Foreign Exchange.

## **INDUSTRIAL RELATION**

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

On 09-05-1997 the Electricity Department disconnected the line. The Electricity Department raised the different bill from 01-04-95 to 30-04-97. The Company has dispute 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 in 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 observation made by the Auditors in their report, the director are state that the notes submitted by the Board as contemplated under section 217 (3) of the Companies Act, 1956 forming part if the Company's Account are self explanatory and therefore do not call for any further clarification.

## **ACKNOWLEDGMENTS**

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 Executive the Company.

### **Registered Office :**

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

For and on behalf of the Board

**S.K. Agarwala**  
Director

**N.K. Agarwala**  
Director

Dated :- The 10th day of August, 2006.

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## **ANNEXURE TO DIRECTORS' 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 of energy. There is conscious and concerted drive towards conservation of energy in all its form.

- (b) Additional Investment and proposal for Reduction of Consumption of energy :

- (c) Impact of measures at (a) and (b) above :

There is continues effort to reduce the cost of production and conserve the energy.

- (d) Total energy consumption and energy consumption per unit of production as per From A given below :

### **A. POWER AND FUEL; CONSUMPTION :- 2005-2006**

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 argo waste is being used for firing in the Boilers furnace.

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# KUSUM IRON & STEEL LIMITED

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

- \* Achieving towards cost economy.
- \* Reducing of the cost of fuel.
- Utilisation of waste.

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

## [C] FOREIGN EXCHANGE EARNING AND OUT GO :-

Foreign Exchange earner	Rs. Nil
Foreign Exchange used	Rs. Nil

### Registered Office :

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

For and on behalf of the Board

Report

S.K. Agarwala  
Director

N.K. Agarwala  
Director

Dated :- The 10th day of August, 2006.

# 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 8 Directors comprising of 1 Chairman and 4 independent Non-executive Directors as on 31-03-2006.

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

8 Board Meetings were held during the year 2005-2006. The dates on which the meetings were held i.e. 28-04-2005, 30-07-2005, 05-08-2005, 18-09-2005, 01-10-2005, 31-10-2005, 28-12-2005 & 30-01-2006.

Name of the Director	Category	No. of Other Directorship	No. of Committees In which member	No. of Board Meetings attended	Whether attended last AGM
Mr. Neem Chand Mitruka	Executive	5	NIL	8	Yes
Mr. Ashok Kumar Agarwala	Executive	2	NIL	8	Yes
Mr. Sasanka Sekhar Guha	Independent Non-Executive	Nil	2	7	Yes
Mr. Amar nath Jha	Independent Non-Executive	Nil	2	7	Yes
Mr. Shiv Kumar Gupta	Independent Non-Executive	Nil	2	7	Yes
Mr. Naresh Kumar Agarwala	Executive	1	NIL	8	Yes
Mr. Sanjay Kumar Agarwala	Executive	Nil	NIL	8	Yes
Mr. Rajendra Kumar Sharma	Independent Non-Executive	Nil	Nil	2	No

### 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.