

17th ANNUAL REPORT & ACCOUNT
2006 - 2007



KISL

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 Seventeenth Annual General Meeting of KUSUM IRON & STEEL LIMITED will be held at "Mitruka House", 42 M.G. Road, Siliguri- 734405 on Saturday, 15th September, 2007 at 11.00 A.M.

ORDINARY BUSINESS :-

1. To consider and adopt the Audited Accounts of the Company, as at 31st March, 2007 and the report of the Directors' and Auditors' Report there on.
2. To appoint a Director in place of Sri Naresh Kumar Agarwala, who retires by rotation and being eligible offer himself for reappointment.
3. To appoint a Director in place of Sri Shiv Kr. Gupta, 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 Accountants, retire at the conclusion of this Annual General Meeting and have expressed their unwillingness to be re-appointed.

SPECIAL NOTICE : ORDINARY RESOLUTION :-

To consider and if thought fit, to pass with or without modification(s) the following resolution as an Ordinary Resolution.

"RESOLVED THAT M/s. R.K. Bihani & Associates of Siliguri be and are hereby appointed as the Auditors of the Company, in place of the retiring auditors, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting at a remuneration as may be decided by the Board of Directors of the Company."

EXPLANATORY STATEMENTS :-

The retiring auditors, namely, M/s. L.K. Bohania & Co. Chartered Accountants have given notice in writing of their unwillingness to be re-appointed and that a special notice in terms of provisions of Section 190 of the Companies Act, 1956 read with Section 225 of the Act has also been received from Shareholders of the Company for the appointment of new Auditors M/s R.K. BIHANI & ASSOCIATES, Chartered Accountants in place of the retiring auditors M/s. L.K. BOHANIA & Co., Chartered Accountants. The Company has forthwith communicated to the retiring auditors of the Special Notice and that the retiring auditors have made no representation against the said special notice. A written certificate has been obtained from M/s. R.K. BIHANI & ASSOCIATES, Chartered Accountants to the effect that in case of their appointment as Auditors of the Company, the appointment will be in accordance with the limits prescribed under section 224 (1B) of the Act.

Your Directors recommend the Resolution for your approval.

None of the Directors is concerned or interested in this resolution.

By order of the Board

Place : Siliguri

Date : 20th July, 2007

N. K. AGARWALA
Director

KUSUM IRON & STEEL LIMITED

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, 2007 (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

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Seventeenth Annual Report together with the Audited Account for the year ended 31st March, 2007.

FINANCIAL RESULTS

	(Rs. in Lakh)	
	For the year ended 31-03-07	For the year ended 31-03-06
1. Turnover	9.10	33.43
2. Total Expenditure	5.33	19.48
3. Interest	3.16	3.93
4. Gross Profit/ (Loss)	0.61	10.02
5. Depreciation.....	8.22	8.22
6. Provision For Taxation	--	--
7. Net Profit/(Loss) (4-5-6)	(7.61)	1.80

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 Naresh Kumar Agarwala and Sri Shiv Kr. Gupta, Directors of the company retires by rotation and being eligible, offer themselves for the re-appointment.

DIRECTORS' RESPONSIBILITY STATEMENT

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

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- (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 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 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 have expressed their unwillingness to be re-appointed. A special notice in terms of provisions of section 190 of the Companies Act, 1956 read with section 225 of the Act has also been received from the Shareholders of the Company for the appointment of new Auditors M/s R. K. Bihani & Associates, Chartered Accountants in place of the retiring auditors M/s. L. K. Bohania & Co., Chartered Accountants. The Company has received a certificate from the new Auditors M/s R. K. Bihani & Associates that they are qualified under section 224 (1B) of the Companies Act, 1956 to act as the Auditors of the company, if appointed.

PARTICULARS OF EMPLOYEES

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

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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 of the Company's Account are self explanatory and therefore do not call for any further clarification.

Registered Office :

"Mitriuka House",
42-M.G. Road,
Siliguri- 734005

For and on behalf of the Board

S.K. Agarwala
Director

N.K. Agarwala
Director

Dated :- The 20th day of July, 2007.

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 31-03-2007.

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

8 Board Meetings were held during the year 2006-2007. The dates on which the meetings were held i.e. 24.04.06, 28.07.06, 17.08.06, 22.09.06, 15.10.06, 28.10.06, 29.12.06 & 27.01.07.

Name of the Director	Category	No. of Other Director-member	No. of Committees In which attended	No. of Board Meetings AGM	Whether attended last
Mr. Neem Chand Mitruka	Executive	5	NIL	7	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	8	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.

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The Audit Committee has met four times during the year 2006-2007 on 29.04.06, 27.07.06, 29.10.06 and 27.01.2007.

Members of the Audit Committee and the number of meetings attended by each Director for the Financial year 2006-2007.

Name	Designation	Meetings attended
Mr. Sasanka Shekhar Guha	Chairman / Non-Executive Director	4
Mr. Amarnath Jha	Non-Executive Director	4
Mr. Shiv Kumar Gupta	Non-Executive Director	4

The terms of reference stipulated by the Board of Directors to the Audit Committee covers all matters specified under the listing Agreement as well as the provisions of Section 292A of the Companies Act, 1956. A brief summary is as under :

- i) To review financial statements and pre-publication announcements before submission to the Board.
- ii) To ensure compliance of internal control systems.
- iii) To apprise the Board on the impact of accounting policies, auditing standards and legislation.
- iv) To hold periodical discussions with statutory auditors on the scope and content of the audit.
- v) To review the Company's financial and risk management policies.

4. REMUNERATION COMMITTEE :

The Company does not have a "Remuneration Committee". Your Directors recommend that all such items that may be required to be discussed at a meeting of the "Remuneration Committee" could be considered at a meeting of the Board of Directors.

Details of remuneration to the directors for the year :

As the Company is in losses the company has not paid any remuneration for the year 2006-2007 to any directors. No sitting fees was paid to any directors.

5. SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :

The company overseas share transfers and monitors investor grievances. To look into the redressal of shareholders and investors complaint like - transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc.

The Shareholders / investors Grievances committee has met four times during the year 2006-2007 on 29.04.06, 16.07.06, 23.10.06 and 30.01.07

Members of the Shareholders / Investors Grievance Committee and the number of meetings attended by them for the financial year 2006-2007.