

21st ANNUAL REPORT & ACCOUNTS
2010 - 2011

KISL



CERTIFIED TO BE TRUE

Sanjay

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 R.K. BIHANI & ASSOCIATES
Chartered Accountants
Khudiram Sarani,
(Above Kiran Optics), 1st Floor,
Hill Cart Road, Siliguri-734001

SHARE TRANSFER DEPARTMENT

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

REGD.OFFICE

"MITRUKA HOUSE",
42 - MAHATMAGANDHI ROAD,
SILIGURI-734005

FACTORY

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

NOTICE

Notice is hereby given that the Twenty First Annual General Meeting of **KUSUM II STEEL LIMITED** will be held at "Mitruka House", 42, M.G. Road, Siliguri-734001, Saturday, 24th September, 2011 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 2011 and the report of the Board of Directors' and Auditors' thereon.
2. To appoint a Director in place of Sri Sasanka Sekhar Guha, who retires by r and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Sri Rajendra Kumar Sharma, who retires by r and being eligible offers himself for re-appointment.
4. To appoint Auditors of the Company and to fix their remuneration. M/s.R.K.Bi Associates, Chartered Accountants, retire at the conclusion of this , General Meeting and being eligible offers themselves for re-appointment.

Your Directors recommend the Resolution for your approval.

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

Place: Siliguri

By order of the Board

Date : 18-07-2011

S/d. N.K.AGARWALA
Director

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- NOTE: 1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF 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 remain closed from the 15th day of September, 2011 to 24th of September, 2011 (both days inclusive)
 3. The explanatory statement pursuant to the provisions of Section 173(2) Companies Act, 1956 is annexed to this notice
 4. Members desiring any information as regards Accounts are requested to call on 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.

DIRECTORS' REPORT

Dear Shareholders,

The Directors have pleasure in presenting the Twenty First Annual Report together with the Audited Accounts for the year ended 31st March, 2011.

FINANCIAL RESULTS

	(Rs.in Lakh)	
	For the Year ended 31-03-11	For the Year ended 31-03-10
1. Turnover	202.52	--
2. Total Expenditure	182.91	2.45
3. Interest	0.00	4.19
4. Gross Profit/(Loss)	19.61	(6.64)
5. Depreciation	8.17	8.20
6. Provision For Taxation	0.00	--
7. Net Profit/(Loss) (4-5-6)	11.44	(14.84)

PRODUCTION

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

DIVIDEND

Due to non availability of distributable profit, 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 Company's Articles of Association, Sri Sasanka Sekhar Guha and Sri Rajendra Kumar Sharma, Directors of the Company retire by rotation and being eligible, offer themselves for 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 relating to material departures;
- (ii) 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;
- (iii) 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;
- (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 stated 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 as 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 relating to conservation of energy, technology absorption, foreign exchange earning and outgo applicable for your company during the year under review.

AUDITORS

M/s.R.K.BIHANI & ASSOCIATES, Chartered Accountants, Auditors of the Company were re-appointed at the ensuing Annual General Meeting and being eligible offer themselves for re-appointment. The company has received a certificate from the Auditor's that they are eligible 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 that specified under Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of the Employees) Rules, 1975.

PUBLIC DEPOSIT

The Company has not accepted any deposit(s) within the meaning of Section 58 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

The factory remained closed through out the year and the Industrial relations continued to be strained.

On 09-05-1997 the Electricity Department disconnected the line. The Electricity Department raised the differential bill from 01-04-1995 to 30-04-1997. 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.D.C.L. 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.

Registered Office:
"Mitruka House",
42-M.G.Road,
Siliguri-734005

For and on behalf of the Board

S/d.S.K.Agarwala
Director

S/d.N.K.Agarwala
Director

Dated:- The 18th day of July, 2011

REPORT ON CORPORATE GOVERNANCE

1. **COMPANY'S PHILOSOPHY**

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

2. **BOARD OF DIRECTORS**

(a) **Composition**

Your Company is having 8 Directors comprising of 1 Chairman and 4 independ executive Directors as on 31-03-2011.

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

7 Board Meetings were held during the year 2010-2011. The dates on w meetings were held i.e.29-04-2010, 26-07-2010, 27-09-2010, 26-10-2010, 24-30-12-2010 & 12-02-2011.

Name of the Director	Category	No. of Other Director-ship	No. of Committees In which member	No. of Board Meetings attended	W at
Mr. Neem Chand Mitruka	Executive	5	NIL	7	
Mr. Ashok Kumar Agarwala	Executive	2	NIL	6	
Mr. Sasanka Sekhar Guha	Independent Non-Executive	Nil	2	6	
Mr. Amar nath Jha	Independent Non-Executive	Nil	2	7	
Mr Shiv Kumar Gupta	Independent Non-Executive	Nil	2	7	
Mr. Naresh Kumar Agarwala	Executive	3	NIL	7	
Mr. Sanjay Kumar Agarwala	Executive	Nil	NIL	7	
Mr. Rajendra Kumar Sharma	Independent Non-Executive	Nil	Nil	2	

3. **AUDIT COMMITTEE**

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

The Audit Committee has met four times during the year 2010-2011 on 27-04 27-07-2010, 25-10-2010 and 29-01-2011.

Members of the Audit Committee and the number of meetings attended by each D for the Financial year 2010-2011.

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Name	Designation	Meetings attended
Mr. Sanjay Kumar Agarwala	Chairman / Non-Executive Director	4
Mr. Amar Nath 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". Yours 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 2010-2011 to any directors. No sitting fee was paid to any directors.

5. **SHAREHOLDERS / INVESTORS GRIEVANCE COMMITTEE :**

The company overseas share transfers and monitors investor grievances. To look into the redresses of shareholders and investors compliant 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 2010-2011 on 30-04-2010, 20-07-2010, 29-10-2010 and 26-01-2011.

Members of the Shareholders / Investors Grievance Committee and the number of meetings attended by them for the financial year 2010-2011.

Name	Designation	Meetings attended
Mr. Sanjay Kumar Agarwala	Chairman / Non-Executive Director	4
Mr. Amar Nath Jha	Non-Executive Director	4
Mr. Shiv Kumar Gupta	Non-Executive Director	4

The Company during the year received NO complaints from the shareholders.

The outstanding complaints as on 31st March, 2011 were NIL

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6. **GENERAL BODY MEETINGS:**

The 20th, 19th, 18th and 17th Annual General Meetings were held at 11.00 A.M September, 2010, 23rd September, 2009, 27th September, 2008 & 15th Septemt respectively at the Registered Office of the Company. No Special Resolution through postal ballot last year.

7. **DISCLOSURES**

A. Disclosure on materially significant related party transactions i.e. transactio company of material nature with its promoters, the directors or the manag their subsidiaries or relatives etc. that may have potential conflict with the of the company at large :

Details on significant related party transactions are given in the appended statement under note 9 of the notes to accounts annexed to the financials.

B. Details of non-compliance by the company, penalties and strictures impose Company by Stock Exchanges or SEBI or any Statutory Authority, on any relating to capital markets, during the last three years.

NONE

8. **MEANS OF COMMUNICATIONS :**

As per the Listing requirements, the company publishes periodical financial re leading English and Regional Newspapers. The Management Discussion and **MD&A** forms part of the Annual Report.

9. **GENERAL SHAREHOLDERS INFORMATION :**

i) **Annual General Meeting**

Date : 24-09-2011

Time : 11.00 A.M.

Venue : "Mitruka House", 42-M.G. Road, Siliguri-734005 (W.B.)

ii) **Financial Calendar**

Financial reporting for -

Quarter ending June 30, 2010 : End of July, 2010

Quarter ending Sept. 30, 2010 : End of October, 2010

Quarter ending Dec. 31, 2010 : End of January, 2011

Year ending March 31, 2011 : End of April, 2011

iii) **Dates of Book Closure** : 15.09.2011 to 24.09.2011 (both days inclusi

iv) **Listing on Stock Exchanges at :**

1. The Calcutta Stock Exchange Association Limited
7, Lyons Range, Kolkata - 700 001

2. The Stock Exchange, Mumbai
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai - 400 001

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3. Madras Stock Exchange Ltd.
Exchange Building, Post Box No.183
11, Second Line Beach, Chennai - 600 001

4. Depositories for Equity Shares : NSDL & CDSL

v) **Stock Code :**

The Calcutta Stock Exchange Association Ltd. 13625
The Stock Exchange, Mumbai
Madras Stock Exchange Ltd. INE 397E01014
Demat ISIN Number in NSDL & CDSL

vi) **Stock Market Data :**

The Shares of the Company were not traded in the Stock Exchanges, hence monthly high / low prices are not available.

vii) Share price performance in comparison to broad-based indices such as BSE Sensex, NSE Nifty :
Details are not furnished as it is not applicable to our Company.

viii) **Registrar and Share Transfer Agents :**

M/s. S. K. Computers
34/1A, Sudhir Chatterjee Street, Kolkata - 700 016

ix) **Share Transfer System :**

Share Transfers are registered and returned within a period of 30 days from the date of receipt. If the documents are clear in all respects. The power to approve transfer of securities has been deflected by the Board to the Shareholders / Investors Grievance and Share Transfer Committee, which meets once in a fortnight. Share transfer requests are processed within an average of 15 days from the date of receipt. Letters are sent to the shareholders after transfer of shares in their names giving an option for dematerialization of shares of the physical shares. Physical shares are dematerialized and electronic credit is given to those shareholders, who opt for dematerialization and in respect of other shareholders, who have not opted for dematerialization, share certificates are dispatched by Registered Posts.

x) **Distribution of Shareholding (as on 31.03.2011)**

Category	For the year 2010 - 2011	
	No. of Shares held	% of Shares held
Director, Friends & Relatives	1875500	77.89
Private Corporate Bodies	46300	1.92
Banking, Financial Institutions		
Indian Public	486200	20.19
Total	2,408,000	100

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x) **Dematerialization of shares and Liquidity :**

1.22% of the Company's pending share capital has been dematerialized.

xii) **Plant Location** : Raninagar Industrial Growth Centre
P.O.Raninagar, Dist.Jalpaiguri

xiii) **Address for correspondence** : Kusum Iron & Steel Limited
"Mitruka House", 42-M.G. Road, Siliguri-734001

Management Discussion and Analysis

Pursuant to clause 49 of the Listing Agreement a Management Analysis Report is given in

A. Industry Background / Outlook

The Company operates in a solitary business segment i.e. Real estate business. The demand for real estate is ever increasing because of the increased urbanization and limited supply of land.

The Company has a long experience in the real estate business. The Company has inducted into the Board the well-experienced people.

Internal Control Systems and Their Adequacy:

The Company has adequate internal control systems commensurate with the size of its operations and for the purpose of exercising adequate controls on the day-to-day operations. Systems are regularly reviewed to ensure effectiveness.

Material Developments in Human Resources / Industrial Relations:

During the year there are no material developments in Human Resources.

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AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Kusum Iron & Steel Limited

Dear Sir/Madam,

We have examined the compliance of conditions of Corporate Governance by Kusum Iron & Steel Limited for the year ended 31st March, 2011 as stipulated in clause 49 of the Listing Agreement of the Company with stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreements.

We state that generally no investor grievances are pending for a period of exceeding one month against the Company as per the records maintained by the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For R. K. BIHANI & ASSOCIATES
Chartered Accountants

Place : SILIGURI
Date : 18th July, 2011

S/d.R.K.BIHANI
Proprietor

AUDITORS' REPORT

TO THE MEMBERS OF "KUSUM IRON & STEEL LIMITED"

We have audited the attached Balance Sheet of KUSUM IRON & STEEL LIMITED 31st March, 2011 and the Profit & Loss Account and the cash flow statement for ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles and significant estimates made by management, as well as evaluating the overall presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of Sub-Section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:-

- (i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- (ii) In our opinion, proper books of accounts as required by law have been kept by the Company, so far as appears from our examination of those books.
- (iii) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with in this report are in agreement with the Books of Account.
- (iv) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the Accounting Standards referred to in Section (3C) of Section 211 of the Companies Act, 1956;
- (v) On the basis of written representations received from the directors, as on 31st March, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31st March, 2011 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

- (vi) The Company has not provided for liability in respect of revised supplementary bill for electricity charges of Rs.51,96,125/- raised by W.B.S.E.B. had the same been provided in the books. The Profit & Loss Account would have been shown a loss of Rs.40,51,946/- as against reported figure of Profit of Rs.11,44,179/- and the debit balance of Profit & Loss Account in the Balance Sheet would have shown Rs.2,63,14,868/- as against reported figure of Rs.2,11,18,743/- (Refer Note No.2 of Schedule 14).
- (vii) Subject to above, in our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2011;
- (b) in the case of the Profit and Loss Account, of the Profit for the year ending on that date; and
- (c) in the case of Cash Flow Statement, of the Cash Flows for the year ended on that date.

For R.K. BIHANI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place :- SILIGURI

S/d.R.K. BIHANI
Proprietor

Dated:- The 18th day of July, 2011

**ANNEXURE REFERRED TO IN PARAGRAPH 3 OF THE AUDITORS' REPORT
EVEN DATE TO THE MEMBERS OF KUSUM IRON & STEEL LIMITED ON
ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2011.**

- 1.(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets have been physically verified by the management during the year and we are informed that no material discrepancies were noticed by the management on verification.
- (c) The Company has not disposed off any substantial part of its Fixed Assets during the year so as to affect its going concern status.
- 2.(a) The inventory of the Company, has been physically verified by the Management during the year.
- (b) The procedures of physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and nature of business.
- (c) The Company has maintained proper records of inventories. As explained to us, there were no material discrepancies noticed on physical verification of inventories compared to the books records.
3. According to the information and explanations given to us, the Company has not granted any loans, Secured or Unsecured to/from Companies, firms or other parties covered in the Register maintained under Section 301 of the Act which are prejudicial to the interests of the company and hence other related clauses are also not applicable.
4. There are adequate internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory, fixed assets and sale of goods and services.
5. On the basis of our examination of the books of account, the company has not entered into any transaction exceeding Rs.5.00 Lakhs in respect of any party during the financial year that needs to be entered in the register pursuant to the Section 301 of the Act.
6. The Company has not accepted any deposits under the provisions of Section 58 and 58AA or any other relevant provisions of the Act and the rules framed there under.
7. In our opinion, the Company's present internal audit system is commensurate with the size and nature of business.
8. Maintenance of cost records has not been prescribed by the Central Government under Section 209(1) (d) of the Companies Act, 1956.
9. According to the information and explanations given to us, in respect of statutory and other dues.
 - (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Sales Tax, Custom Duty, Excise Duty, Income Tax, Wealth Tax, Service Tax, Cess and any other statutory dues with the appropriate authorities during the year except default in Sales Tax of Rs.5,28,343.40 which is outstanding for a period of more than six months from the date they became payable.

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- (b) There are no cases of non-deposit with the appropriate authorities of disputed dues of Sales Tax/Income Tax/Custom Duty/Wealth Tax/Excise Duty/Cess/Service Tax.
10. The Company's accumulated losses at the end of the financial year are not less than 50% of its net worth. Further the Company has not incurred cash losses in the current financial year but has incurred cash loss in the immediately proceeding financial year.
 11. Based on our audit procedures and as per the information and explanations given by the Management, the Company did not have any dues to any financial institution or bank or to debenture holders during the year.
 12. As explained to us, the Company has not granted any loans or advance on the basis of security by way of pledge of shares, debenture and other securities.
 13. In our opinion, considering the nature of activities carried on by the company during the year, the provisions of any special status applicable to chit fund / nidhi / mutual benefit fund / societies are not applicable to it.
 14. In respect of Shares, Securities, Debentures and other investments dealt or traded by the company, proper records are maintained in respect of transactions and contracts and timely entries have been made therein. All the investments are held by the company in its own name.
 15. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from banks or financial institutions.
 16. The Company has not applied or obtained any term loans during the year.
 17. According to the information and explanations given to us, and on an overall examinations of the Balance Sheet of the Company we report that the company has not raised any funds during the year either on long term or short term basis.
 18. The Company has not made any preferential allotment of shares to parties and companies covered in the Register maintained under Section 301 of the Act during the year.
 19. No debenture have been issued by the Company and hence the question of creating securities in respect there of does not arise.
 20. The Company has not raised any money by public issue during the year.
 21. As per the information and explanations given to us and on the basis of examination of records, no fraud on or by the company has been noticed or reported during the financial year.

For R.K. BIHANI & ASSOCIATES
CHARTERED ACCOUNTANTS

Place :- SILIGURI

Dated:- The 18th day of July, 2011

S/d.R.K. BIHANI
Proprietor

BALANCE SHEET AS AT 31ST MARCH, 2011

	Schedule	As at 31/03/2011 (Rs.)	As 31/03/ (Rs)
I. SOURCES OF FUNDS			
1. SHAREHOLDERS FUND			
(a) Share Capital	1	24080000	2408
(b) Reserve & Surplus	2	11203000	1120
2. LOAN			
(a) Unsecured Loan		0	209
(b) Deferred Liability	3	528343	52
TOTAL =>>		35811343	3790
II. APPLICATION OF FUNDS			
2. FIXED ASSETS			
Gross Block	4	19667206	1966
Less :: Depreciation		13123431	1230
NET BLOCK		6543775	736
NET FIXED ASSETS			
3. CURRENT ASSETS, LOANS & ADVANCES CURRENT ASSETS			
Sundry Debtors	5	1752177	1752
Inventories	6	2493934	1005
Cash & Bank Balances	7	2549093	461
Loans & Advances	8	5711296	436
		12506500	16641
Less :: Current Liabilities & Provisions	9	4357675	8358
NET CURRENT ASSETS		8148825	8283
PROFIT AND LOSS ACCOUNTS : (Dr. Balance as per annexed Accounts)		21118743	22262
TOTAL =>>		35811343	37907
NOTES FORMING PARTS OF ACCOUNTS	14		

As per our attached report of even date.

For **R.K.BIHANI & ASSOCIATES**
Chartered Accountants

For and on behalf of the Board

S/d. R.K.BIHANI
Proprietor

S/d.S.K.Agarwala
Director

S/d.N.K.Agar
Director

Dated:- The 18th day of July, 2011

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2011

	Schedule	Year ended 31st March, 2011 (Rs.)	Year ended 31st March, 2010 (Rs.)
1. INCOME			
Sale		20175000	0
Other Income	10	76705	0
		<u>20251705</u>	<u>0</u>
2. EXPENDITURE			
Cost of Goods Sold	11	17820830	0
Benefit to Employees		67686	30528
Administration, Selling & Other Expenses	12	402177	214773
TOTAL =>>		<u>18290693</u>	<u>245301</u>
3. GROSS OPERATING PROFIT / (LOSS)		1961012	(245301)
Less : Interest & Financial Charges	13	0	418603
4. PROFIT BEFORE DEPRECIATION & TAXATION		1961012	(663904)
Provision for Depreciation		816833	820111
5. PROFIT BEFORE TAXATION		1144179	(1484015)
Provision for Taxation –			
Current Tax		0	0
Deferred Tax		0	0
		<u>1144179</u>	<u>(1484015)</u>
6. PROFIT AFTER TAXATION			
Profit / (Loss) Brought Forward		(22262922)	(20778907)
Taxation for earlier year		0	0
Balance transferred to Balance Sheet		(21118743)	(22262922)
Earning Per Share		0.48	(0.62)
NOTES FORMING PARTS OF ACCOUNTS	14		

As per our attached report of even date.

For R.K.BIHANI & ASSOCIATES
Chartered Accountants

For and on behalf of the Board

S/d. R.K.BIHANI
Proprietor

S/d. S.K.Agarwala
Director

S/d.N.K.Agarwala
Director

Dated:- The 18th day of July, 2011

SCHEDULES FORMING PART OF THE BALANCE SHEET AS AT 31ST MARCH

	<u>As at</u> 31-03-2011 Rs.	<u>As at</u> 31-03-2010 Rs.
SCHEDULE - 1		
SHARE CAPITAL		
AUTHORISED		
55,00,000 Equity Shares of Rs.10/- each.	5,50,00,000 =====	5,50,00,0 =====
ISSUED, SUBSCRIBED & PAID UP CAPITAL		
(Paid in Cash)		
54,75,600 Equity Shares of Rs.10/- each	5,47,56,000 =====	5,47,56,0 =====
PAID-UP		
24,08,000 Equity Shares of Rs.10/- each	2,40,80,000 =====	2,40,80,0 =====
SCHEDULE - 2		
RESERVE & SURPLUS		
Capital Reserve (State Capital Subsidy)	35,00,000	35,00,00
Forfeited Shares A/c.	77,03,000	77,03,00
	----- 1,12,03,000 =====	----- 1,12,03,00 =====
SCHEDULE - 3		
DEFERRED LIABILITY		
Deferred Payment of Sales Tax	5,28,343 =====	5,28,34 =====

SCHEDULE - 4**SCHEDULE OF FIXED ASSETS**

Particulars	G-R-O-S-S B-L-O-C-K				D-E-P-R-E-C-I-A-T-I-O-N			N-E-T B-L-O-C-K	
	Cost as on 1-04-10	Addition during the year	Deletion/ adjustments during the Year	Total as on 31.03.11	Up to 31.03.10	Add./Dele. during the year	Total upto 31.03.11	W.D.V. as on 31.03.11	W.D.V. as on 31.03.10
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
1. Leasehold Land	1545110	0	0	1545110	0	0	0	1545110	1545110
2. Other Building [1.63%]	850000	0	0	850000	207825	13855	221680	628320	642175
3. Factory Building [3.34%]	5297680	0	0	5297680	2646646	176943	2823589	2474091	2651034
4. Plant & Machinery	11888880	0	0	11888880	9366591	626035	9992626	1896254	2522289
5. Furniture	85536	0	0	85536	85536	0	85536	0	0
	19667206	0	0	19667206	12306598	816833	13123431	6543775	7360608

Figure for previous year	19667206	0	0	19667206	11486487	820111	12306598	7360608	8180719
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	As at 31-03-2011 Rs.	As at 31-03-2010 Rs.
SCHEDULE - 5		
SUNDRY DEBTORS		
More than six months	17,52,177	17,52,177
	=====	=====
SCHEDULE - 6		
INVENTORY (As taken, valued & certified by the management)		
Stores, Spares & Packing Material (at cost)	--	11,23,710
Raw Materials (at cost)	--	2,72,690
Finished Goods (cost or market price which ever is lower)	--	46,100
Land at Burdwan Road	24,93,934	86,17,090
	-----	-----
	24,93,934	1,00,59,610
	=====	=====
SCHEDULE - 7		
CASH & BANK BALANCE		
Cash in Hand (As certified)	4,58,725	62,430
Balance with Scheduled Banks in Current Account	20,90,368	3,99,320
	-----	-----
	25,49,093	4,61,760
	=====	=====
SCHEDULE - 8		
LOANS & ADVANCES		
Advances (Recoverable in cash or in kind or for value to be received)		
Advance for Raw Materials	36,96,490	21,98,490
Security Deposit	14,845	14,840
Power Subsidy Receivable	19,87,961	19,87,960
Tax Deducted at Source (Refundable)	12,000	1,67,020
	-----	-----
	57,11,296	43,68,320
	=====	=====
SCHEDULE - 9		
CURRENT LIABILITIES & PROVISIONS		
CURRENT LIABILITIES		
Sundry Creditors	9,93,199	9,92,810
Advance from Customers	12,38,772	12,38,770
Tax deducted at Source	0.00	8,580
Other Advances	21,25,704	61,17,840
	-----	-----
	43,57,675	83,58,000
	=====	=====

	As at <u>31-03-2011</u> Rs.	As at <u>31-03-2010</u> Rs.
<u>SCHEDULE - 10</u>		
<u>OTHER INCOME</u>		
Interest on Income Tax Refund	16,705	--
Interest of Loans	60,000	--
	-----	-----
	76,705	--
	=====	=====

SCHEDULE - 11
COST OF GOODS SOLD

Opening Stock	1,00,59,614	1,00,59,614
Add: Purchase/Development	1,02,55,150	--
Less: Closing Stock	24,93,934	1,00,59,614
	-----	-----
	1,78,20,830	--
	=====	=====

SCHEDULE - 12
ADMINISTRATIVE, SELLING AND OTHER EXPENSES

Postage Charges	--	311
Auditor's Fee & Others	7,857	7,857
Land Revenue	--	79,798
Accounting Charges	12,000	12,000
Listing Fees	43,514	85,243
Legal Expenses	500	7,650
Profession Tax	2,550	2,575
Bank Charge & Guarantee Fees	359	261
Misc. Expenses	2,431	7,078
Rent	12,000	12,000
Income Tax for earlier Year	966	--
Commission & Brokerage	3,20,000	--
	-----	-----
	4,02,177	2,14,773
	=====	=====

SCHEDULE - 13
INTEREST AND FINANCE CHARGES

Other Interest	--	4,18,603
	=====	=====

**SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS FOR THE
ENDED 31ST MARCH, 2011**

SCHEDULE - 14

1> SIGNIFICANT ACCOUNTING POLICIES :-

a) BASIS OF ACCOUNTING :

The accounts of the company are prepared under the historic convention and are in accordance with the applicable Accounting Standards and accordingly accrual basis of accounting is followed for reorganizing Income and Expenses.

b) REVENUE RECOGNITION :

- i) Sales are recognized at the time of invoicing thereof upon passage of title to the customers/clients.
- ii) Power Subsidy will be accounted on settlement of bill.

c) FIXED ASSETS :

Fixed assets are shown at cost less accumulated depreciation. Acquisition or construction is inclusive of Freight, Duties, Taxes and In Expenses related to such acquisition.

d) DEPRECIATION :

Depreciation on Fixed Assets have been provided on Straight Line at rates prescribed in the Schedule-XIV of the Companies Act. Leasehold Land is not depreciated.

e) INVESTMENTS :

Investment are stated at cost.

f) IMPAIRMENT LOSS :

At each balance sheet date, the Company reviews the carrying amount of its Fixed Assets to determine whether there is any indication that these have suffered any impairment loss.

g) INVENTORIES :

Inventories are valued as follows:

- i) Raw materials, Stores & Spares : at cost.
- ii) Finished goods : Cost or Market Price which ever is lower.
- iii) Land : At cost or market value which ever is lower.

Inventory of Raw Material and Finished goods sold as scrap for Rs.3,2

h) MISCELLANEOUS EXPENDITURE :

Preliminary Expenses/Shares and Debenture Issue Expenses are amortized over a period of ten years.

i) TAXES ON INCOME :

Income Tax Expense comprises current tax and deferred tax charge or credit. The deferred tax charge or credit is recognized using current tax rates when there is unabsorbed depreciation or carry forward losses. Deferred tax assets/liabilities are recognized only if there is virtual certainty, so that the Company in future can utilize these assets/liabilities. Deferred tax liabilities are reviewed as at each balance sheet date based on developments during the year to reassess assets/liabilities. However no deferred tax assets/liabilities have been provided, since there is no virtual certainty of Prof

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2> **Liabilities not provided in respect of :-**

Rs.1,59,06,603.27 raised by West Bengal State Electricity Board (WBSEB) for the period from 01-04-95 to 30-04-97. The Company has disputed the Demand and filed a petition in Kolkata High Court. Subsequently the Kolkata High Court referred the case to the Chief Electrical Inspector, Government of West Bengal. The Chief Electrical Inspector awarded the same and directed W.B.S.E.B. to issue fresh Bill. Subsequently W.B.S.E.B. has issued revised bill for Rs.51,96,125/-.

3> No provision for gratuity has been made in as no employee has put in the qualifying period of service entitling him to benefit of gratuity.

4> Additional information pursuant to Part II of the Schedule VI to the Companies Act 1956.

a) **CAPACITIES**

Class of Goods	Unit	Licensed Capacity	Installed Capacity	Actual Production
1. Ingots & Others	M.T.	24000	5200	--
2. Runner Riser	M.T.	--	--	--
3. Slag	M.T.	--	--	--

b) **CLOSING & OPENING STOCK OF EACH CLASS OF GOODS PRODUCED**

Class of Goods	Unit	Opening Stock as on 01-04-2010		Closing Stock as on 31-03-2011	
		Quantity	Amount	Quantity	Amount
1. Ingots & Others	M.T.	4.366	41040	0	0
2. Runner Riser	M.T.	0.538	4573	0	0
3. Slag	M.T.	19.772	494	0	0

c) **QUANTITATIVE INFORMATION OF STOCK (LAND) TRADED DURING THE YEAR.**

	2010 - 2011		2009 - 2010	
	Qty.in Kattah Quantity	A m o u n t Rs. P.	Qty.in Kattah Quantity	A m o u n t Rs. P.
Opening Stock	103.5730	86,17,098.00	103.5730	86,17,098.00
Purchase	--	--	--	--
Sale	70.0730	61,23,164.00	--	--
Closing Stock	33.5000	24,93,934.00	103.5730	86,17,098.00

5.

	%	Value (Rs.)
Earning in Foreign Exchanges :		
FOB value of goods exported	--	Nil

6.

	%	Value
Expenditure in Foreign Currency Commission	--	Nil

7. Auditors Remuneration includes :-

	Current Year	Previous Year
Audit Fee		
Tax Audit Fee	7,857.00	7,857.00
	--	--

8. The Company operates in a solitary business segment i.e. Real Estate Business. Accordingly no further financial information for business segments is required to be given. The total sales of the company for the year is comprised of Real Estate Business. Accordingly no further financial information for geographical segments is required to be given.

9. The disclosure pertaining to related parties and transactions therewith is as follows:

Sl. No.	Name of related parties	Nature of relationship with the company	Nature of transaction with related party	Volume of Transaction	Balance at the end of the period Dr./(Cr.)
1>	Indra Devi Agarwal	Relative of Key Management Personnel	Rent Paid	12000.00	--
2>	Sanjivini Tea Co. (P) Ltd.	Controlled by Relative of Key Management Personnel	Advance Received Against goods	--	(400000.00)

10. The basic and diluted earnings per shares are :-

	2010-2011	2009-2010
Net profit/(Loss) for the period	1144179	(1484015)
Less:- Preference Dividend (including tax thereon)	--	--
Net profit/(Loss) available for Equity Shareholders (a)	1144179	(1484015)
Weight average number of Equity Shares outstanding (b)	2408000	2408000
Basic and Diluted EPS (a)/(b)	0.48	(0.62)
Nominal Value of Shares (2408000 Shares of Rs.10/- each)	24080000.00	24080000.00

11. **Deferred Tax** : The company has unabsorbed depreciation and carried forward losses available for set-off under the Income Tax Act, 1961. However in view of present uncertainty regarding generation of sufficient future taxable income, net deferred tax assets at the year end including related credit for the year have not been recognized in these accounts on prudent basis.
12. Payment against supplies from Small Scale Industries and ancillary undertakings are generally made in accordance with the agreed credit terms. There was no overdue amount outstanding for more than 30 days in this regard.
13. Since the Company has accumulated loss, so no provision for Income Tax has been made during this year.
14. No balance confirmation has been taken from any Debtor.
15. Figure's has been rounded off to the nearest rupee.
16. Previous year's figures have been regrouped and re-arranged wherever found necessary.

Signatory to above Schedules.

For R.K. BIHANI & ASSOCIATES
Chartered Accountants

Place :- SILIGURI

S/d.R.K. BIHANI
Proprietor

Dated: The 18th Day of July, 2011

**BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFIL
(AS PER SCHEDULE VI, PART (IV) OF THE COMPANIES ACT, 1956)**

I. REGISTRATION DETAILS

Registration No.	49749
State Code	21
Balance Sheet Date	31 st March, 2011

II. CAPITAL RAISED DURING THE YEAR (Amount in Thousand)

Public Issue	Nil
Rights Issue	Nil
Private Placement	Nil
Bonus Issue	Nil

III. POSITION OF MOBILISATION AND DEPLOYMENT OF FUNDS (Amount in Thousand)

Total Liabilities	35,811
Total Assets	35,811

SOURCES OF FUNDS

Paid-up Capital	24,080
Reserve & Surplus	11,203
Secured Loans	--
Unsecured Loans	--
Deferred Liability	528

	35,811
	=====

APPLICATION OF FUNDS

Net Fixed Assets	6,544
Net Current Assets	8,149
Accumulated Losses	21,118

	35,811
	=====

IV. PERFORMANCE OF THE COMPANY (Amount in thousand)

Turnover including Other Incomes	--
Total Expenditure	18,291
Profit/(Loss) Before Tax	1,144
Profit/(Loss) After Tax	1,144
Earning Per Share (Rs.)	0.48
Dividend rate (%)	Nil

V. GENERIC NAMES OF PRINCIPAL PRODUCTS/SERVICES OF THE COMPANY
(As per monetary terms)

NO. (ITC CODE)
72061001

PRODUCT DESCRIPTION
All types of Steel Ingots
& Others and dealing in Real Estate.

CASH FLOW ANNEXED TO BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH, 2011

	31.03.2011	31.03.2010
(A) CASH FLOW FROM OPERATING ACTIVITIES		
Net profit as per Profit & Loss A/c.	11,44,179.00	(14,84,015.00)
Adjusted for Depreciation	8,16,833.00	8,20,111.00
Income Tax Paid	--	--
Interest Received	--	--
Interest Paid	--	4,18,603.00
	-----	-----
Net Operating Profit	19,61,012.00	(2,45,301.00)
	-----	-----
(B) ADJUSTMENT FOR CURRENT ASSETS		
Sundry Creditors and Current Liabilities	(40,00,338.00)	(16,130.00)
Other Advances	(13,42,975.00)	--
Inventories	75,65,680.00	--
	-----	-----
Net Cash from operating Activities (A)	41,83,379.00	(2,61,431.00)
	=====	=====
(C) CASH FLOW FROM INVESTING ACTIVITIES		
Investment	--	--
	-----	-----
Net Cash from Investing Activities (B)	--	--
	-----	-----
(D) CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Long Term Borrowing	(20,96,046.00)	(20,89,978.00)
Interest Payable	--	(4,18,603.00)
	-----	-----
Net Cash from Financing Activities (C)	(20,96,046.00)	(25,08,581.00)
	-----	-----
Net Increase in cash & cash equivalent(A+B+C)	20,87,333.00	(27,70,012.00)
Cash and cash equivalents at the		
Beginning of the Year	4,61,760.00	32,31,772.00
Cash & cash equivalents at end of the Year	25,49,093.00	4,61,760.00

NOTES :-

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Accounting Standard-3 on Cash Flow Statement issued by the Institute of Chartered Accountants of India.
- Break-up of closing Cash and Cash Equivalent:-

Cash in hand	4,58,725.00	62,436.00
With Scheduled Banks in Current Accounts	20,90,368.00	3,99,324.00
	-----	-----
	25,49,093.00	4,61,760.00
	=====	=====

This is the Cash Flow Statement referred to in our reports as even date.

For R.K. BIHANI & ASSOCIATES
Chartered Accountants

S/d.R.K. BIHANI
Proprietor

For and on behalf of the Board

Place : SILIGURI
Dated : The 18th day of July, 2010

S/d.S.K.Agarwala
Director

S/d.N.K.Agarwala
Director

ATTENDANCE SLIP

KUSUM IRON & STEEL LIMITED

Regd. Office: "Mitruka House", 42-M.G. Road,
Siliguri-734005 (W.B.)

1. Full Name of Shareholder/Proxy _____
2. Registered Folio No. _____ No. of Shares _____
3. If proxy, full name of Shareholder _____

I hereby record my presence at the Twenty First Annual General Meeting of the Company held at "Mitruka House", 42-M.G. Road, Siliguri-734005 on Saturday, 24th September, 2011 at 11.00 A.M.

(Signature of the Shareholder/Proxy)

NOTE

Please produce this Attendance Slip duly filled and signed at the entrance of the Meeting Hall. Shareholders intending to appoint a proxy may use the Proxy Form given below.

PROXY

KUSUM IRON & STEEL LIMITED

Regd. Office: "Mitruka House", 42-M.G. Road,
Siliguri-734005 (W.B.)

Registered Folio No. _____ No. of Shares _____

I/We _____ of _____
being member/members of KUSUM IRON & STEEL LIMITED hereby appoint

_____ of _____
or failing him _____
of _____

as my/our proxy to attend and vote for me/us, and on my/our behalf, at the Twenty First Annual General Meeting of the Company to be held on Saturday, 24th September, 2011 and at any adjournment thereof.

Signed this _____ day of _____ 2011.

Signature(s) of the Shareholder(s) _____

Affix
Rs.1.00
Revenue
Stamp

Note:

The proxy, in order to be effective, should be duly completed, stamped and signed and must be deposited at the Registered Office of the Company at least 48 hours before the scheduled time. A Proxy need not be a Member of the Company.