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**ANNUAL REPORT**

**2006-2007**

**IAG Company Limited**

IAG COMPANY LIMITED



## EXPLNATORY STATEMENT

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

### Item No. 4 to 6

The Board at its Meeting held on 27th June, 2008 appointed Mr. Vinay Jalan, Mr. Prabhash Mittal and Mr. Santosh Kumar Biswas as Additional Directors of the Company pursuant to Article 93 of the Company's Article of Association. Under the said Article Mr. Vinay Jalan, Mr. Prabhash Mittal and Mr. Santosh Kumar Biswas will hold office upto forthcoming Annual General Meeting of the Company. The Company has received notices in writing in terms of Section 257 of the Act from certain members of the Company signifying their intentions to propose the appointments of them as Directors of the Company. Mr. Vinay Jalan, Mr. Prabhash Mittal and Mr. Santosh Kumar Biswas are willing to act as Directors of the Company, if appointed, and have filed with the Company their respective consents pursuant to Section 264 (1) of the Company's Act. The Board accordingly recommends a resolutions set out in item No.4 to 6 of the Notice convening the Meeting(" the convening Notice").

Mr. Vinay Jalan, Mr. Prabhash Mittal and Mr. Santosh Kumar Biswas are concerned or interested in the relative resolutions concerning their respective appointments.

Save as aforesaid no other Director is concerned or interested in the aforesaid resolutions.

### Item No. 7

The Board of Directors of the Company("The Board") at its meeting held on 15th April, 2008 appointed Mr. Rakesh Dosi as Additional Director of the Company with effect from 16th June, 2008 pursuant to Article 93 of the Company's Articles of Association.

Under the said Article Mr. Dosi will held office upto the date of the forthcoming Annual General Meeting.

The Company has received a Notice in writing in terms of Section 257 of the Companies Act, 1956("The Act") from a member signifying his intention to propose the appointment of Mr. Dosi as a Director of the Company.

Mr. Dosi has filed with the Company his consent pursuant to Section 264(1) of the Act to act as a Director, if appointed.

The Board considers that the appointment of Mr. Dosi will be beneficial to the Company and accordingly recommends the resolution set out in Item No.7 of the Notice convening the Annual General Meeting of the Company ("The Convening Notice").

The terms and conditions of his appointment as a Wholetime Director are embodied in his proposed Agreement ("The Agreement") with the Company and an abstract of the terms and conditions as contained in the Agreement are set out below :

The remuneration, terms and conditions of appointment of Mr. R Dosi as Wholetime Director are as follows :

- a) Period of Appointment : 2 years(16-06-08 to 16-06-10)
- b) Salary (Gross) : Rs. 25,000/- per month

### Perquisites :

- i) *Medical Reimbursement :*  
Expenses incurred for self and family subject to the ceiling of one month's salary in a year or two months' salary over a period of two years.

**IAG COMPANY LIMITED**ii) *Leave Travel Concessions :*

For self and family once in every two years incurred in accordance with any rules of the Company.

iii) *Leave :*

Earned/Privileged Leave as per the rules of the Company. Encashment of leave (not availed of) at the end of the tenure will be allowed.

iv) *Housing :*

The expenditure by the Company on hiring furnished accommodation for the Wholetime Director will be as follows :

- a) 60% of the salary, over and above 10% payable by the Wholetime Director.
- b) If accommodation is otherwise provided by the Company to the Wholetime Director the expense of the Company on such accommodation will be on such terms as the Company may from time to time stipulate.
- c) If the Company does not provide accommodation to the Wholetime Director he will be paid house rent allowance subject to the ceiling provided in (a) above.

The expenses incurred by the Company on gas, electricity, water and furnishings will be evaluated as per the Income-tax Rules, 1962 subject to a ceiling of 10% of his salary.

- v) The Company's contribution for him to Provident Fund, Superannuation Fund or Annuity Fund in accordance with the Rules and Regulations of the Company. Such contribution will not be included in the computation of the ceiling on perquisites to the extent these either single or put together are not taxable under the Income Tax Act, 1961.

Gratuity at a rate not exceeding half months' salary for each completed years of service.

In the event of loss or inadequacy of profits in any financial year Mr. Dosi will be paid the remuneration as above as minimum remuneration subject to the stipulations contained in Schedule XIII of the Act.

The appointment and remuneration of Mr. R. Dosi as a Wholetime Director requires the approval of the members of the Company in General Meeting in terms of Part 111 of Schedule XIII to the Act and his remuneration also requires the approval of the Company in the General Meeting under Section 309 of the Act.

No Director of the Company except Mr. Dosi is concerned or interested in the resolution.

This may also be regarded as an abstract of the terms of appointment of Mr. R. Dosi as a Wholetime Director of the Company and Memorandum of interest under section 302 of the Act.

*Registered Office :*

3, Hungerford Street

Kolkata-700017

Dated : 27th June, 2008

By the Order of the Board

N Champati

Director

IAG COMPANY LIMITED



## DIRECTORS' REPORT TO THE MEMBERS

The Directors are pleased to present their Report together with the audited accounts for the year ended 31st March, 2007.

### FINANCIAL HIGHLIGHTS :

	<i>Round off to nearest Rs./Lakhs</i>	
	<b>This Year ended 31.03.07</b>	<b>Previous Year ended 31.03.06</b>
Income [Sales]	120	229
Profit/(Loss) before depreciation and write back of liabilities & provisions	(5)	(71)
Depreciation	307	6
Liabilities and Provisions no longer required written back	13	—
Prior period adjustments	—	—
Profit/(Loss) before taxation	(311)	(77)
Deferred Tax Asset(Net)	—	—
Balance brought forward from previous year	(254)	(176)
Transfer from Revaluation Reserve	(1074)	—
Profit/(Loss) carried to Reserve and Surplus/ Balance Sheet	—	(254)

### OPERATIONS AND PROSPECTS :

During this year there has been complete suspension of Company's Commercial and Industrial activities. However the Company is retraining hard to start its commercial activities.

### CONSOLIDATED FINANCIAL STATEMENTS :

As required pursuant to the applicable Accounting Standards, the Consolidated Financial Statements of your Company are attached herewith and form part of the Annual Reports and Accounts.

### DIVIDEND :

In view of the loss sustained in the year under review the directors regret that they are unable to recommend any dividend.

### DIRECTORS :

Mr. R. Dosi is appointed as Additional Director with effect from 16th June, 2008. The Company has received Notice in writing under Section 257 of the Companies Act, 1956 ("the Act") from certain Member signifying his intention to propose the appointment of Mr. R. Dosi as Director of the Company. The Board also appointed Mr. R. Dosi as Wholtime Director for a period of 2 years with effect from 16th June, 2008 subject to the approval of the appointment and other terms and conditions by the Company in the General Meeting.

**IAG COMPANY LIMITED**

Mr. Vinay Jalan, Mr. Prabhash Mittal and Mr. Santosh Kumar Biswas were appointed as Additional Directors of the Company with effect from 27th June, 2008 and will hold the office upto the forthcoming Annual General Meeting. The Company has received Notices in writing under Section 257 of the Companies Act, 1956 ("the Act") from certain Members signifying their intention to propose the appointments of Mr. Vinay Jalan, Mr. Prabhash Mittal and Mr. Santosh Kumar Biswas as Director of the Company.

Mr. Adrish Raval, Mr. Rajesh Gandhi and Mr. Gaurav Khandelwal retires with effect from 27th June, 2008.

The Board places on record the wise counsel rendered by them during their tenure in the Company.

Mr. Rakesh Dosi, Director, retires by rotation and being eligible, offers himself for re-appointment.

**LISTING :**

The Equity Shares of your Company continues to be listed in Bombay Stock Exchange Ltd. (BSE) and Calcutta Stock Exchange Ltd. (CSE) but the trading is being suspended from both the Stock Exchanges due to the non compliance of certain provisions of Companies Act, 1956 and certain SEBI Regulations.

**CORPORATE GOVERNANCE :**

A separate report on Corporate Governance along with general shareholders' Information as prescribed under the Listing Agreement, is annexed as a part of this report along with the Certificate from Company Secretary in Practice.

**DIRECTORS' RESPONSIBILITY STATEMENT :**

Pursuant to Section 217(2AA) of the Companies Act, 1956, the Directors hereby stand and confirm that :

1. In the preparation of Annual Accounts for the financial year ended 31st March, 2007, applicable accounting standards have been followed along with proper explanation relating to material departures.
2. Appropriate Accounting Policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007 and of the losses for the period from 1st April, 2006 to 31st March, 2007.
3. Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. The Annual Accounts for the financial year ended 31st March, 2007 have been prepared on a going concern basis.

**COMMENT ON AUDITORS' REMARKS :**

As regards Auditors' comments in their Reports on financial results for the year Company's submissions have been given as under :

Regarding Comment No. 3(i)(a) :

As the Company was closed since October, 2004, the process of updation was delayed and we are hopeful to complete it within a short period of time.

Regarding Comment No 3(i)(b), 3(ii)(a), (b) and (c):

Since the factory was closed, auditors' could not be invited to factory for physical verification of Fixed Assets and Inventory. However the program of physical verification will be taken up shortly.

Regarding Comment No. 3(iv) :

The procedure of Internal Control was not pursued as there was no movement of goods in or out of the factory. However some

**IAG COMPANY LIMITED**

of the finished goods have been sold out during this period but there have been proper procedural operations with regard to this activity.

Regarding Comment No. 3(vii) :

Internal Audit could not be conducted because of the closure of the factory. It will be taken up shortly.

Regarding Comment No. 3(ix) :

The Company has been paying statutory dues. However in view of revenue generation being zero there has been acute shortage of funds to pay the dues in time. However the effort has been taken to make up the dues totally paid off as early as possible.

Regarding Comment No. 3(xi) :

The Company has already paid off its dues to Corporation Bank and as regards secured loan from Union Bank of India substantial amount has been deposited to reduce the quantum of liability.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO :**

During the year ended 31st March, 2007, there was no commercial production, therefore no question of Conservation of Energy, Research and Development of Technology Absorption, Foreign Exchange Earning and Outgo arises.

#### **AUDITORS :**

M/S D. Basu & Co., Chartered Accountants retires and are eligible for reappointment.

#### **PARTICULARS OF EMPLOYEES :**

No employee of the Company was in receipt of remuneration exceeding the limits prescribed under section 217(2A) of the Companies Act, 1956 read with the Companies(Particulars of Employees) Rules, 1975.

#### **PERSONNEL :**

Industrial Relation continued to be peaceful and cordial during the year.

The Directors wish to place on records their appreciation for the assistance and co-operation received from them at all levels during the period.

#### **APPRECIATION :**

The Board wishes to place on records its sincere appreciation for the continued assistance and support extended to the Company by its customers, banks, vendors, Government authorities and employees.

Your Director acknowledge with gratitude the encouragement and support extended by our valued Shareholders.

On Behalf of Board of Directors

Place : Kolkata

N Champati

Date : 27th June, 2008

Director

**IAG COMPANY LIMITED**

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 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE PERIOD ENDED 31st MARCH, 2007.

	As at 31st March, 2007	As at 31st March, 2006
<b>A. Conservation of Energy :</b>		
Power & Fuel Consumption		
1. Electricity :		
(a) Purchased		
Unit	NIL	NIL
Total Amount (Rs. In Lakhs)	NIL	NIL
Rate/Unit (Rs.)	NIL	NIL
(b) Own Generation through Diesel Generator		
Unit	NIL	NIL
KWH/LTR of Diesel Oil	NIL	NIL
Cost/Unit(Rs.)	NIL	NIL
2. Coal :		
Quantity	NIL	NIL
Total Cost (Rs. In Lakhs)	NIL	NIL
Average Rate / MT(Rs.)	NIL	NIL
3. Furnace Oil:		
Quantity	NIL	NIL
Total Cost (Rs. In Lakh)	NIL	NIL
Average Rate / KL(Gross)(Rs.)	NIL	NIL
Average Rate / KL (Net of Modvat)(Rs.)	NIL	NIL
4. LPG :		
Quantity	NIL	NIL
Total Cost (Rs. In Lakh)	NIL	NIL
Average Rate / MT(Gross)(Rs.)	NIL	NIL
Average Rate / MT(Net of Modvat)(Rs.)	NIL	NIL
5. Consumption per sq. mtr. of production of Company's products on 2m/m basis	<b>FURNANCE-I</b>	<b>FURNANCE-II</b>
Coal	NIL	NIL
(Previous year)	(NIL)	(NIL)
L.P.G	NIL	NIL
(Previous year)	(NIL)	(NIL)
Furnance Oil	NIL	NIL
(Previous year)	(NIL)	(NIL)
Electricity	NIL	NIL
(Previous year)	(NIL)	(NIL)

**RESEARCH AND DEVELOPMENT AND TECHNOLOGY ABSORPTION :**

The Company was closed since October, 2004 therefore there was no expense regarding Research and Development and Technology Absorption during the year ended 31st March, 2007.

Kolkata  
Date : 27th June, 2008

On Behalf of the Board of Directors  
N Champati  
Director

IAG COMPANY LIMITED

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**REPORT ON CORPORATE GOVERNANCE**

(PURSUANT TO CLAUSE 49 OF LISTING AGREEMENT)

**1. Company's Philosophy :**

The Company's philosophy on Corporate Governance endeavors the attainment of the highest level of transparency, empowerment, accountability, motivation in all operations with its shareholders, investors, lenders, employees and customers.

The Company believes that all its operations and actions must serve the underlying goal of enhancing overall shareholder's value, over a sustained period of time.

**2. Board of Directors :**

A) *The composition of the Board of Directors as on 31st March, 2007 is as follows :*

Name of Directors	Executive/ Non Executive	No. of other Directorship	No. of other Committee Membership
1. Mr. N Champati	Whole time Director	—	2
2. Mr. Rajesh Gandhi	Non Executive Director	—	2
3. Mr. Gaurav Khandelwal	Non Executive Director	—	1
4. Mr. Adrish Raval	Non Executive Director	—	2

B) *Changes in the composition of the Board of Directors since last Annual General Meeting :*

Mr. L K Khemka and Mr. C K Khemka resigns from the post of Director with effect from 19th March, 2007. Mr. N Champati was re-appointed as Wholetime Director with effect from 8th March, 2007 for a period of two years.

C) *Meetings held in the financial year 2006-2007 and attendance of Directors :*

The company held the 4(four)Board Meeting in the year 2006-2007 i.e. on 10th June,2006; 9th September, 2006; 8th December, 2006 and 5th March, 2007.

Serial No.	Name of Directors	No. of Board Meetings attended
1.	Mr. L K Khemka	4
2.	Mr. C K Khemka	4
3.	Mr. N Champati	4
4.	Mr. R Gandhi	4
5.	Mr. G Khandelwal	4
6.	Mr. A Raval	4

Mr. L K Khemka and Mr. C K Khemka resigns from the post of Director with effect from 19th March, 2007.



**IAG COMPANY LIMITED****IAG****3. Committee of Directors :****A) Audit Committee :**

The Audit Committee met 4(four) times during the period from 01/04/2006 to 31/03/2007 i.e. on 10th July, 2006; 10th November, 2006; 9th March, 2007 and 19th March, 2007.

Name of Directors	Number of Meetings attended
Mr. Rajesh Gandhi	4
Mr. L K Khemka	4
Mr. N Champati	4
Mr. Gaurav Khandelwal	4
Mr. Adrish Raval	4

**B) Share Transfer and Investors' Grievance Committee :**

The Committee met 11(eleven) times during the period from 01/04/2006 to 31/03/2007. The Committee comprised of the following Directors:

Names of Directors	Number of Meetings attended
Mr. L K Khemka	11
Mr. N Champati	11
Mr. R Gandhi	11
Mr. A Raval	11

Complaints are attended promptly by the Company. During the period under review 2 complaints were received and all were attended and redressed in due time.

**Means of Communication with Shareholders :**

Since the Company was closed from October, 2004 and there was no business transaction during the year ended 31-03-2007, unaudited financial results for the quarter ended 30-06-2006, 30-09-2006, 31-12-2006 and 31-03-2007 were not published.

**General Shareholders' Information :****Annual General Meeting :**

Date, Time & venue	: 07-08-2008 at 1 PM at Rammohun Hall 267, Acharya Prafulla Chandra Road, Kolkata-700009
Financial Year	: 01-04-2006 to 31-03-2007
Book Closure Date	: 04-08-2008 to 07-08-2008

**IAG COMPANY LIMITED****Details of last AGMs :**

Financial year Ended	Date	Time	Venue
31st March, 2004	10-03-2006	11.00 A.M.	Subarnabanik Samaj of Calcutta Trust 47, G C Avenue, Kolkata-700013
31st March, 2005	10-03-2006	1.00 P M	Subarnabanik Samaj of Calcutta Trust 47, G C Avenue, Kolkata-700013
31st March, 2006	Proposed to be held on 07-08-08	1.00 P M	Rammohun Hall 267, Acharya Prafulla Chandra Road Kolkata-700009

**Listing on Stock Exchange :**

- 1) **The Calcutta Stock Exchange Association Ltd.**  
7, Lyons Range, Kolkata-700001

- 2) **The Stock Exchange, Mumbai**  
Phiroze jeejebhoy towers,  
Dalal Street, Mumbai-400001

**Stock code** : 502241

(The Listing fees have been paid to the Stock Exchange)

**Depositories :**

- 1) **The National securities Depository Ltd.**  
Trade World, 4th Floor  
Kamala Mills Compound  
Senapati Bapat Marg  
Lower Parel  
Mumbai-400013

- 2) **Central Depository Services (I) Ltd.**  
Phiroze Jeejebhoy Towers  
Dalal Street  
Mumbai-400023