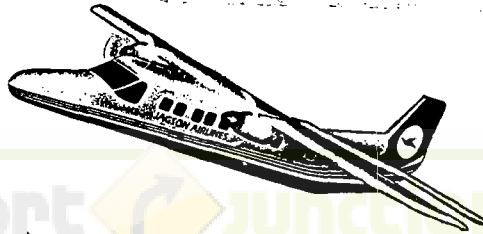




MD	/	BKC	/
CS	/	DTY	NA
RO	/	ENV	NA
TRA	NA	AC	/
AGM	/	CH	/
YE	/		



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***Fifth Annual Report
1997-98***

JAGSON AIRLINES LIMITED

JAGSON AIRLINES LIMITED

Fifth Annual Report 1997-98

BOARD OF DIRECTORS	Mr. Jagdish P. Gupta Ms. Ravinder Hora Prof. R.K. Amin Mr. Ranjan Poddar Mr. Sardar Singh Mudgil	Chairman Director Director Director Director
COMPANY SECRETARY	Mr. Swaran Kumar Jain	
AUDITORS	M/s D.R. Malik & Co. Chartered Accountants C-4/38, Safdarjung Development Area New Delhi-110016	
BANKERS	Citi Bank, State Bank of Hyderabad, Bank of Punjab Ltd., Deutsche Bank	
CORPORATE OFFICE	12-E, Vandana Building 11, Tolstoy Marg New Delhi-110 001	
REGISTERED OFFICE	Ground Floor & First Floor 18B, S.D.A. Complex Kasumpti, Shimla Himachal Pradesh-171009	
THE STOCK EXCHANGE, MUMBAI	Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	
THE DELHI STOCK EXCHANGE ASSOCIATION LTD.	West Plaza, I.G. Stadium Indraprastha Estate New Delhi-110 002.	
THE LUDHIANA STOCK EXCHANGE ASSOCIATION LTD.	Feroz Gandhi Market, Ludhiana - 141 001	
JAIPUR STOCK EXCHANGE LTD.	Stock Exchange Building, Jawaharlal Nehru Marg, Malviya Nagar, Jaipur-302017	

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NOTICE**JAGSON AIRLINES LIMITED**

Notice is hereby given that the Fifth Annual General Meeting of **M/s. Jagson Airlines Ltd.** will be held at "Building Centre, P.O. Durgapur, Distt. Shimla, Himachal Pradesh" on Saturday, the 28th November, 1998 at 11:30 A.M. to transact the following business.

ORDINARY BUSINESS

1. To consider and adopt the Audited Balance Sheet of the company as at 31st March, 1998, Profit & Loss Account for the year ended on the date together with Auditors Report and the report of the Directors thereon.
2. To appoint a Director in place of Sh. Ranjan Poddar who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors of the company and fix their remuneration.

SPECIAL BUSINESS

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

4. "Resolved that Sh. Sardar Singh Mudgil be and is hereby appointed as Director of the company liable to retire by rotation.
To consider and, if thought fit, to pass with or without modifications the following resolutions Nos. 5 & 6 as Special Resolution.
5. "Resolved that pursuant to SEBI circular No. SMDRP/CIR-14/98 dated 29.4.98 and subject to approval of Jaipur Stock Exchange and other approval if any, consent be and is hereby granted to company for voluntary delisting of securities at Jaipur Stock Exchange.
"Resolved further that company be and is hereby authorised to provide exit opportunity to shareholders authorising promoters to buy or to make arrangement for buying the securities of such share holders residing in the state of Rajasthan as per the guidelines issued by SEBI and Jaipur Stock Exchange.
"Resolved further that company be and is hereby authorised to take necessary steps for voluntary delisting of shares at Jaipur Stock Exchange.
6. Resolved that subject to the provisions of Companies Act 1956 and SEBI Guidelines, Company be and is here by authorised to buy back its shares from existing share holders on such terms and conditions as may be in force and as may be enacted/promulgated from time to time.
Further Resolved that Board of Directors of the Company be and is hereby authorised to do all such act deed and things as may be required in the above said matter.

By Order of the Board
for JAGSON AIRLINES LTD.

MS. RAVINDER HORA
DIRECTOR

Date : 3.10.98

Place : New Delhi

NOTES

1. A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. Proxies in order to be effective must be received duly filled in at the Registered Office of the Company not less than 48 hours before the commencement of Annual General Meeting.
2. Register of Members of the Company will be closed from 16th November, 1998 to 28th November, 1998 (both days inclusive)
3. All documents referred to in the Notice and accompanying explanatory statement are open for inspection at the Registered Office of the Company on all working days except holidays between 11:00 A.M. and 1:00 PM upto the date of the Annual General Meeting.

By Order of the Board
for JAGSON AIRLINES LTD.

MS. RAVINDER HORA
DIRECTOR

Date : 3.10.98

Place: New Delhi

Explanatory Statement

Explanatory statement pursuant to section 173 (2) of the Companies Act, 1956 as part of aforesaid notice : Item No. 4, 5 & 6.

Item No. 4

Sh. Sardar Singh Mudgil joined the Board as additional director w.e.f. 2.1.98 in the casual vacancy caused due to the resignation of Sh. Pradeep Gupta and by virtue of Section 262(2) of the Companies Act, 1956 read with Article 86 of the Articles of Association of the Company, Sh. Mudgil holds the office upto the date of the Annual General Meeting. The company has received a notice in writing alongwith a deposit of Rs.500 from a member of the Company in terms of Section 257 of the Companies Act, 1956 signifying his intention to propose the candidature of Sh. Sardar Singh Mudgil for the office of the Director.

Sh. Sardar Singh Mudgil is having rich administrative experience and has held various senior positions. Your Directors feel that the appointment of Sh. Sardar Singh Mudgil is in the interest of the company and recommend the same for your approval.

Item No.5

Board of Directors of your company in their meeting had considered that due to negligible trading volume at Jaipur Stock Exchange, increasing financial implication since company had also got its shares listed at addition stock exchange at Ludhiana, it would be in over all interest of the company to propose to shareholders for their approval for voluntary delisting of shares at Jaipur Stock Exchange.. Further also all the shareholders of Rajasthan area will be given an opportunity to sell their shares to the promoters or persons nominated by the promoters. Your directors recommend for your approval.

None of the Directors is interested or concerned in the said resolution. except to the extent that any director may become interested on purchase of shares.

Item No. 6

Presently Companies Act, 1956 did not permit the companies to purchase its own shares. I however keeping in view the forthcoming amendment in the Companies Act, 1956 & SEBI guidelines, Company would be allowed to purchase it own shares after obtaining approval of shareholder by way of special Resolution. According the matter is now placed before the share holders for their approval. This resolution is an enabling provision facilitating the company to buy back its shares as may become permissible.

Your directors recommend for the approval of share holders.

None of the directors is interested or concerned in above said resolution.

By Order of the Board
for JAGSON AIRLINES LTD.

MS. RAVINDER HORA
DIRECTOR

Date : 3.10.98

Place: New Delhi

DIRECTOR'S REPORT

To The Shareholders,
Your Directors have pleasure in presenting Fifth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 1998.

Financial Results	Year Ended	(Rs. in Lacs)
	31.03.1998	Year Ended 31.03.1997
Profit before interest & Depreciation	74.17	47.07
Less : Interest	3.13	3.90
Profit before Depreciation	71.04	43.17
Less : Depreciation	13.79	08.43
Profit before tax	57.25	34.74
Less : Provision for Tax	6.50	4.50
Profit after tax	50.75	30.24
Balance of Profit carried to Balance Sheet.	50.75	30.24

Operations

During the year under review company's revenue increased by 14.49% to Rs. 521.49 lacs as against Rs. 455.48, gross profit amounted to Rs. 57.25 lacs against Rs. 34.74 lacs in the previous year. Your Directors are pleased to inform that during the year the company has purchased a aircraft "Dornier-228" from M/s. Dornier Luftahrt GmbH, Germany.

With a view to conserve the resources of the company, the Directors do not propose to recommend any dividend.

Public Deposits

The Company has not accepted any deposits from the public under Section 58-A of the Companies Act, 1956 during the year.

Employees

Details of the employees who were in receipt of remuneration in excess of limits prescribed under Section 217 (2A) of the Companies Act, 1956 during the year is enclosed herewith as Annexure-I to the Report.

Conservation of Energy, Technology Absorption and Foreign Exchange earnings & Outgo**Conservation of Energy**

The Company is maintaining its aircrafts to standards laid down by Director General of Civil Aviation. This keeps the fuel consumption at the optimum level. Hence Disclosure of particulars with respect to conservation of energy in Form "A" pursuant to Companies (Disclosure of particulars in the report of Directors) Rules, 1988 are not applicable.

Annexure-I to Director's Report

Information pursuant to Section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 and forming part of the Directors Report for the year ended 31st March, 1998.

Sr. No.	Name of the Employees	Designation/ Nature of Duties	Gross Remuneration Rs.	Qualification	Experience Flying Hrs./yrs.	Date of Commencement of employment	Age (Years)	Previous Employment
A. EMPLOYED THROUGHOUT THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 3,00,000/- OR MORE.								
1.	Capt. V.R. Devgan	Pilot	319200/-	B.Sc.	10190 Hrs.	7.10.91	55 yrs.	Aero Copter Services, C/o ONGC
2.	Sh. H.R. Sharma	AME	300000/-	B.A. MEC	34 Yrs.	28.3.94	59 Yrs.	Dy. Manager (Inspection) HAL, Kanpur
B. EMPLOYED FOR PART OF THE YEAR AND IN RECEIPT OF REMUNERATION AGGREGATING RS. 25,000/- OR MORE PER MONTH.								
1.	Capt. J.S. Reyatt	Pilot	162600/-	BSC	10000 Hrs.	01.10.97	50 Yrs.	Tr. Commander East west Airlines Ltd.
2.	Sh. D.B. Khurana	Executive Dy. MD	246400/-	BSC	30 Yrs.	10.08.97	50 yrs.	Consultant Mesco Airlines Ltd.
3.	Capt. Ashok Choudhary	Pilot	124200/-	BSC	4429 Hrs.	13.06.97	42 Yrs.	Aero Bengal Airlines
4.	Capt. Late S.R. Singh	Pilot	53500/-	Graduate	2415 Hrs.	10.11.94	53 Yrs.	National Airport Authority of India

Notes : 1. The Gross remuneration includes Salary, House Rent Allowance, Monetary value of prerequisites, wherever applicable.

2. Nature of employment in all cases are non contractual. 3. None of the employees is related to any Directors of the Company.

by Order of the Board
for Jagson Airlines Ltd.

Jagdish P. Gupta
Chairman

Date : 3.10.1998
Place : New Delhi

ANNUAL REPORT 1997-98

JAGSON AIRLINES LIMITED**Technology Absorption**

The operations of the Company do not involve any technology absorption and hence Disclosure of particulars with respect to technology absorption in Form "B" pursuant to Companies (Disclosure of particulars in the report of Directors) Rules, 1988, are not applicable.

Foreign Exchange Earnings and Outgo

Total Foreign Exchange earned and used during the year is as under:

	(In Lacs)
Foreign Exchange Earned	31.3.98
Foreign Exchange Used	72.78
	304.14

Directors

Mr. Ranjan Poddar retires by rotation and being eligible, offers himself for reappointment.

Sh. Sardar Singh Mudgil was appointed as additional Director in the casual vacancy caused by the resignation of Sh. Pradeep Gupta and holds office upto forthcoming Annual General Meeting and being eligible, offer himself for re-appointment.

Your Directors have placed on record their appreciation for the services rendered by Mr. Pradeep Gupta during his tenure as a Director of the company.

Listing of Shares

Shares of your company at present are listed at Delhi, Mumbai, Ludhiana and Jaipur Stock Exchanges. Keeping in view of thin trading of shares at Jaipur Stock Exchange resulting in unnecessary additional financial burden, your Directors propose subject to the approval of the share holders, for voluntary delisting of shares at Jaipur Stock Exchange. Company had paid the listing fees of all the above stock exchanges except for Jaipur Stock Exchange.

Auditors

M/s D. R. Malik & Co., Auditors of the company, retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for reappointment.

Acknowledgement

Your Directors place on record their appreciation for the continued support received from DGCA, Airport Authority & Agents. Your Directors would also like to express their appreciation for the outstanding contribution made by all employees during the year.

By Order of the Board
for JAGSON AIRLINES LTD.

Date : 3.10.1998
Place : New Delhi

Jagdish P. Gupta
Chairman