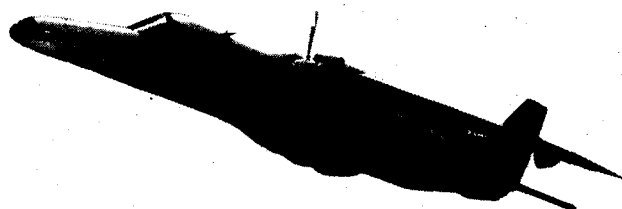


## **Ninth Annual Report 2001-2002**



Report  Junction.com



**JAGSON AIRLINES LIMITED**

**JAGSON AIRLINES LIMIED**  
Ninth Annual Report 2001-2002

<b>BOARD OF DIRECTORS</b>	Mr. Jagdish P. Gupta Ms. Ravinder Hora Prof. R.K. Amin Mr. Sardar Singh Mudgil Mr. Chandra Wadhwa Mr. Bhuvli Kant	Chairman and Managing Director Director Director Director Director
<b>COMPANY SECRETARY</b>	Mr. Swaran Kumar Jain (Mr. Swaran Kumar Jain has left the Company & Mr. Alok Kumar Kuchhal has joined in his place)	
<b>AUDITORS</b>	M/s D.R. Malik & Co. Chartered Accountants C-4/38, Safdarjung Development Area New Delhi-110 016	
<b>BANKERS</b>	State Bank of Hyderabad, Bank of Punjab Ltd.	
<b>CORPORATE OFFICE</b>	12-E, Vandana Building 11, Tolstoy Marg New Delhi-110 001	
<b>REGISTERED OFFICE</b>	GF & FF, 18B, S.D.A. Complex Kasumpti, Shimla Himachal Pradesh-171 009	
<b>THE STOCK EXCHANGE, MUMBAI</b>	Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	
<b>THE DELHI STOCK EXCHANGE ASSOCIATION LTD.</b>	DSE House 3/1, Asaf Ali Road New Delhi-110 002	
<b>THE LUDHIANA STOCK EXCHANGE ASSOCIATION LTD.</b>	Feroz Gandhi Market Ludhiana-141 001	
<b>JAIPUR STOCK EXCHANGE LTD.</b>	Stock Exchange Building, Jawaharlal Nehru Marg, Malviya Nagar Jaipur-302 017	

<b>CONTENTS</b>	<b>PAGE NO.</b>
Notice	1
Directors' Report	2
Corporate governance	3
Management discussion and analysis	7
Auditors' Report	8
Balance Sheet	10
Profit & Loss Account	11
Cash Flow Statement	19
Balance Sheet Abstract	20

**NOTICE**

Notice is hereby given that the Ninth Annual General Meeting of Jagson Airlines Ltd. will be held at "Panchayati Ghar, P.O.Durgapur, Distt. Shimla, Himachal Pradesh" on Saturday, the 28th September, 2002 at 9:30 A.M. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Statements of Account of the company together with the Director's report as also the Auditor's report for the year ended 31st March 2002.
2. To appoint a Director in place of Prof. R K Amin who retires by rotation and being eligible offers himself for re-appointment.
3. To not to fill up the vacancy caused by retirement of Sh. Ranjan Poddar who retires by rotation and had expressed his unwillingness for re-appointment.
4. To appoint M/s D. R. Malik and Co., as Statutory Auditors of the company to hold office from the conclusion of this meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**SPECIAL BUSINESS**

5. "RESOLVED that pursuant to the provisions of Section 198, 269 and 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 and subject to such consents approvals and permissions as may be needed, Mr J P Gupta be and is here by re-appointed as Managing Director of the company liable to retire by rotation for a further period of one year w.e.f. 5.7.02 on the terms and conditions of his appointment/remuneration as set out in the Explanatory Statement annexed hereto.

FURTHER RESOLVED that the Board of Directors be and are hereby authorised to alter or vary the said terms and conditions at its discretion as it may deem fit and as acceptable to Mr. J P Gupta within the limits specified in the Schedule XIII of the Companies Act, 1956 or any amendment made hereinafter in that regard.

FURTHER RESOLVED that the Board of Directors of the Company be and are hereby authorised to do all such acts, matters and things as may be necessary, requisite, desirable or expedient for giving effect to the foregoing Resolution and Secretary of the company is hereby authorised to take approvals, make entries in the register and to file the necessary forms with respective authorities."

By Order of the Board  
for JAGSON AIRLINES LTD.

Ms. Ravinder Hora  
Director

Date : 10.7.2002  
Place : New Delhi

**IMPORTANT NOTES**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and such proxy need not be a member of the company. The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the registered office of the company not less than 48 hours before the time for holding the aforesaid meeting.
2. Members/Proxies should bring the enclosed attendance slip duly filled in for attending the meeting.
3. The register of Members and share transfer books of the Company shall remain closed from 16th September, 2002 to 28th September, 2002 (both days inclusive)

**I. EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 5****Appointment of Managing Director****Profile**

Sh. J P Gupta is a highly experienced industrialist and control the affairs of the company as a whole. He is the founder of Jagson Airlines Ltd. and since then contributing his valuable experience towards continuous growth of the Company.

The Board of director considered that the professional services and vast experience of Shri. J P Gupta and his in-depth knowledge of company's line of services would be an asset for the Company in the context of the present fierce competition in the market particularly in the airlines industry. Being a business oriented person, his services were also considered necessary by the Board of Directors and accordingly the Board at it's meeting held on 30th April, 02 re-appointed Sh. J. P. Gupta as Chairman cum Managing Director of the Company for a further period of One year.

**Remuneration**

Managing Director has opted not to draw any remuneration but will be entitled for sitting fees, reimbursement of actual entertainment, travelling, boarding and lodging expenses incurred by him in connection with the company's business and such other benefits/amenities and other privileges as may from time to time, available to other Senior Executives of the Company. Personal long distance calls of telephones and use of car for private purpose shall be billed by the Company.

**Other Benefits**

The Managing Director shall also be entitled to such other benefits, schemes, privileges and amenities as are granted to Senior executives of the Company in accordance with the Company's practices, rules and regulations in force from time to time.

None of the directors of the company except Sh. J P Gupta is concerned or interested in this resolution.

Copy of agreement entered by the company with Sh. J P Gupta is available for inspection at Registered office of the company during 11:00 A.M. to 3:00 P.M. till the date of Annual General Meeting of the company.

In accordance with the provision of section 302 of Companies Act, 1956, this may be treated as abstract depicting terms and conditions of aforesaid appointment and is being sent to the members of the company.

**II. DETAILS OF PROF. RAMDAS KISHORE DAS AMIN AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT****Item no. 2**

Prof. Ramdas Kishore Das Amin is a renowned politician and was the member fourth as well as sixth Lok Sabha. He was born on 24.06.1923 and completed his B.A.(Hons) /M.A from Bombay University after that he has done B.Sc. (Econ)/M.Sc. (Econ) from London University. He had worked as Principal, B.G. Commerce College Vallbh- Vidya Nagar (Anand) and as University Professor and Head Department of Economics Sardar Patel University Vallbh-Vidya Nagar. Prof. R. K Amin is on the board of Jagson Air Lines Limited since February, 1994. Prof. R. K Amin does not hold any Directorship or committee in any other company.

By Order of the Board  
for JAGSON AIRLINES LTD.

Date : 10.7.2002  
Place : New Delhi

Ms. Ravinder Hora  
Director

**JAGSON AIRLINES LIMITED****DIRECTORS' REPORT**

To The Shareholders,

Your Directors have pleasure in presenting Ninth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2002.

Financial Results	(Rs. In lacs)	
	Year Ended March 2002	Year Ended March 2001
Total Income	460.62	523.60
Gross Profit/(loss) before Dep & Tax	(30.01)	80.29
Provision for depreciation	24.49	21.92
Tax Provision	Nil	7.00
Provision for Tax for Previous Year	(4.90)	2.35
Provision for Deferred Tax	(6.59)	Nil
Net Profit/(loss)	(65.99)	53.74
General Reserves		
(Surplus of Profit & Loss A/c)	175.50	281.45

**Operations**

In view of the general slowdown in the economy, and specifically in the aviation industry by reason of unfortunate and inhumane attack's on 11th September and 13th December. Which reduces the number of tourists drastically, foreign and domestic. The Company had closed it's books for the year 2001-02 with an operating loss of Rs. 65.99 lacs.

Your directors are pleased to announce that, irrespective of above slowdown, Company is able to add one more aircraft in it's existing fleet of aircraft. Now total three aircrafts are available for company's operations.

Keeping in view of the Financial performance of the company the Board of Directors of your company do not propose to recommend dividend for this year.

**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**

During the year under review there were no employee who are in receipt of remuneration exceeding the limits as prescribed under Section 217(2A) of the Companies Act, 1956.

**Listing Requirement**

As required by Clause 32 of Listing Agreement, cash flow statement is appended with the annual accounts of the company.

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

The Company is maintaining its aircrafts as per the 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.

**Technology Absorption**

The operations of the Company do not involve any technology absorption and hence Disclosure of particulars with respect to conservation of energy 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	31.3.2002
Foreign Exchange Used	71.69
	51.60

**Directors**

Prof R. K Amin, Director who retires by rotation and being eligible, offers himself for reappointment. Sh. Ranjan Poddar, Director retires

by rotation and expressed his unwillingness for reappointment. Your directors wish to acknowledge and thank Sh. Poddar for their valuable support and work during his tenure. Your Directors in their meeting held on 30.04.2002, appoints Sh. J P Gupta, Chairman and Managing Director of the company for a further period of One year w.e.f. 5.7.2002. Sh. Gupta is not drawing any remuneration from the Company but is entitled for sitting fees and also entitled for such benefits as per the agreement entered by the company with him.

Your Board of Directors recommends his appointment for your approval.

**Director's Responsibility Statement**

Pursuant to the requirement under section 217(2AA) of the Companies Act, 1956 with respect to Directors Responsibilities Statement, it is hereby confirmed:

- that in the preparation of the annual accounts for the financial year ended 31st March, 2002, the applicable accounting standards had been followed alongwith proper explanation relating to material departures.
- that the directors had selected such accounting policies and applied them consistently and made judgements and estimates that were 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 the year under review.
- that the directors had taken proper and sufficient care 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.
- that the directors had prepared the accounts for the financial year ended 31st March, 2002 on a 'going concern' basis.

**Audit Committee**

The Audit Committee constituted by the Board of Directors consists of three independent directors namely Ms. Ravinder Hora, Mr. Bhuv Kant, Mr. Chandra Wadhwa. Sh. Bhuv Kant is the Chairman of the Audit Committee. The constitution of Audit Committee also meets with the requirement of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

The terms of reference specified by the Board to the Audit Committee are as contained under Clause 49 of the Listing Agreement.

**Corporate Governance**

Pursuant to Clause 49 of the Listing Agreements with the Stock Exchanges, a Management discussion and Analysis, Corporate Governance Report and Auditors Certificate regarding compliance of conditions of Corporate Governance are made a part of the Annual Report.

**Listing of Shares**

Shares of your company at present are listed at Delhi, Mumbai, Ludhiana and Jaipur Stock Exchanges. Company had paid the listing fees of all the above stock exchanges.

**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 re-appointment.

**Acknowledgement**

Your Directors place on record their appreciation for the continued support received from DGCA, Airport Authority other Govt. departments, bankers and agents. Your Directors would also like to express their appreciation for the contribution made by the employees during the year.

By Order of the Board  
for JAGSON AIRLINES LTD.

Date : 10.7.2002  
Place : New Delhi

Jagdish P. Gupta  
Chairman

**CORPORATE GOVERNANCE DISCLOSURE****1. Company's Philosophy on Code of Governance**

Company's philosophy on corporate governance is to achieve of the high levels of transparency and accountability in its operations and its interactions with its various constituents like shareholders, employees, government etc.

It will be the endeavor of the company to achieve the high standards of corporate governance.

Company believes that its operations must serve the goal of enhancing shareholder value.

**2. Board of Directors**

The Board of Directors consists of one executive Chairman cum Managing Director and six non-executive directors, who are independent Director out of this two are promoter director.

During the year 2001-2002 the Board met four times on the following dates, namely 27.4.2001, 5.7.2001, 30.10.2001, & 31.1.2002.

The maximum time gap between any two meetings was not more than three calendar months.

The following table gives details of directors, attendance of directors at the board meetings and at the last annual general meeting, number of memberships held by directors in the board/committee of various companies.

Name	Category	Attendance Particulars		Number of other directorships and		
		Board Meeting	Last AGM	Other Directorships	Committee Membership	Committee Chairmanships
Mr. J P Gupta	CMD	04	Yes	3	—	—
Ms. Ravinder Hora	DIR	04	Yes	2	2	—
Prof. R K Amin	DIR	03	No	—	—	—
Mr. Sardar Singh Mudgil	DIR	04	Yes	—	—	—
Mr. Ranjan Poddar	DIR	04	Yes	—	—	—
Mr. Bhuvu Kant	DIR	03	Yes	—	1	1
Mr. Chandra Wadhwa	DIR	03	Yes	—	1	—

CMD : Chairman cum Managing Director, DIR- Directors rotating by rotation and who are not whole time Directors of the company.

None of the director is a member of more than ten committees and acts as a Chairman in more than five committees across all companies in which he is a director.

**3. Audit Committee**

The Audit Committee constituted by the Board of Directors consists of three independent directors namely Ms. Ravinder Hora, Mr. Chandra Wadhwa, Mr. Bhuvu Kant. The constitution of Audit Committee also meets with the requirements of Section 292A of the Companies Act, 1956 as introduced by the Companies (Amendment) Act, 2000.

Audit Committee had met six times during year.

The terms of reference specified by the Board to the Audit committee as contained under Clause 49 of the Listing Agreement are as follows :

- Oversight of the company's financial reporting process and the disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submission to the board, focussing primarily on (i) any changes in accounting policies and practices (ii) major accounting entries based on exercise of judgement by management (iii) qualifications in draft audit report (iv) significant adjustments arising out of audit (v) the going concern assumption (vi) compliance with accounting standards (vii) compliance with stock exchange and legal requirements concerning financial statements and (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit functions.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as have post-audit discussion to ascertain any area of concern.



**JAGSON AIRLINES LIMITED**

- i. Reviewing the company's various financial and risk management policies.
- j. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.

**4. Remuneration Committee**

Company had not formed any Remuneration committee.

However as per terms of appointment no remuneration is paid to Shri J P Gupta, Chairman cum Managing Director and other directors, except sitting fees for attending the meetings of the Board thereof.

The company pays sitting fees to all directors including Chairman cum Managing Director at the rate of Rs.250/- for each meeting. Sitting fees paid to the directors for the year ended 31st March,2002 is as follows:

Sh. J P Gupta	}	Rs. 1000/- each
Ms. Ravinder Hora		
Sh. Ranjan Poddar		
Sh. Sardar Singh Mudgil	}	Rs.750/- each
Prof. R K Amin		
Sh. Bhuv Kant		
Sh. Chandra Wadhwa		

**5. Shareholders/Investors Grievance Committee**

The Committee comprises of Ms. Ravinder Hora, Director and Company Secretary. The committee inter alia approves issue of duplicate certificates and oversees and reviews all matters connected with the securities transfer. The committee also looks into redressing of shareholders/investors complaints like transfer of shares, non-receipt of balance sheet. The Committee oversees the performance of the Registrar and Transfer Agents and recommends measures for overall improvement of the quality of investor services. The Board of Directors have delegated the power for approving transfer of securities to the Director.

Sh. Swaran Kumar Jain is the Compliance Officer. During the year under review,52 letters/enquiries were received from investors which were replied/resolved to the satisfaction of the investors. Out of the above, 10 letters outstanding as on 31st March,2001 were attended/replied by 10th April,2002.

One request for transfer and twenty eight requests for dematerialisation were pending for approval as on 31st March,2002. These pending requests were duly approved and dealt with by 8th April 2002.

**6. General Body Meetings**

The last three Annual General Meetings of the Company were held as under:-

Year	Location	Date	Time
1998-1999	Panchayati Ghar, P O Durgapur Distt. Shimla, HP	27.11.1999	11:30 a.m.
1999-2000	Same as above	27.09.2000	10:00 a.m.
2000-2001	Same as above	22.09.2001	09:30 a.m.

**Note :**

No postal ballots were used/invited for voting at these meetings in respect of special resolutions passed. Company shall comply with the requirements relating to postal ballot as and when the relevant guidelines becomes applicable to the company.

**7. Disclosures**

- a) Disclosures on materially significant related party transactions i.e. transactions of the company of material nature, with its promoters, the directors or the management, their subsidiaries or relatives etc. that may have potential conflict with the interests of the company at large.  
None of the transactions with any of the related parties were in conflict with the interests of the company.
- b) Details of non-compliance by the company, penalties, strictures imposed on the company by Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.

There were no instances of non-compliance of any matter related to the capital markets during the last three years.

**8. Means of Communication**

- a) The company had published its quarterly results in English Stateman Delhi & (in Hindi) Himachal Times, Shimla. Quarterly results were displayed on web site [www.jagsonairlines.com](http://www.jagsonairlines.com)
- c) Management Discussion and Analysis forms part of the Directors report which is posted to the shareholders of the company.

**9. General Shareholder Information****9.1 Annual General Meeting**

Date and Time : 28th September 2002 at 9.30 A.M.  
 Venue : Panchayati Ghar, P O Durgapur, Distt. Shimla, HP

**9.2 Financial Calendar 2002-03 (tentative)**

: Annual General Meeting (Next year) last week of Sept 2003

Results for the quarter ending 30 June'02  
 Results for the quarter ending 30 Sept'02  
 Results for the quarter ending 31 Dec'02  
 Results for the year ending 31 March,03

**Board Meetings**

- Last week of July'02
- Last week of Oct'02
- Last week of Jan'03
- Last week of April'03

**9.3 Book Closure date**

: 16th September to 28th Sept 2002 (Both days inclusive)

**9.4 Listing of Equity shares/ on Stock Exchanges at**

- (1) Delhi Stock Exchange, DSE House, 3/1, Asaf Ali Road, New Delhi-110002
- (2) The Stock Exchange, Mumbai, Corporate Relationship Deptt, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai-400 001
- (3) The Ludhiana Stock Exchange Association Ltd. Feroze Gandhi market, Ludhiana 141001
- (4) Jaipur Stock Exchange Ltd. Stock Exchange Building, Jawahar Lal Nehru Marg, Malviya Nagar, Jaipur (Raj.)

**9.5 Stock Code****(a) Trading symbol at**

(Physical Segment) Computer Code	Electronic Segment
Jaipur 477	INE 685B01018
Bombay 520139	
Delhi 110096	
Ludhiana JAGSR	

**(b) Demat ISIN Numbers in NSDL & CDSL**

INE 685B01018

Note : Annual Listing fees for the year 2002-2003 have been duly paid to all the above Stock Exchanges

**9.6 Distribution of shareholding as on 31st March,2002**

1. Promoter/Directors	43.21%
2. Indian Public	50.38%
3. International Investors	05.23%
4. Bodies Corporate	1.18%

**9.7 Dematerialisation of shares**

: Approximately 6.63% of the shares issued by the company have been dematerialised upto 31st March 2002.

Trading in equity shares of the company is permitted in dematerialised form and w.e.f 23.10.2001 as per notification issued by the Securities and Exchange Board of India (SEBI).

**Liquidity**

Company's shares are traded on Delhi/Mumbai/Ludhiana/Jaipur Stock Exchanges. Relevant data for the average trading price during the financial year 2001-02 is given below :

Highest (Rs.)	Lowest (Rs.)
4.00	2.00

**9.8 Address for Investor Correspondence**

For transfer/dematerialisation of Shares and any other query relating to the shares of the company : Jagson Airlines Ltd.  
 12-E, Vandana Building, 11 Tolstoy, Marg, New Delhi -110 001

Note : Shareholders holding shares in electronic mode should address all correspondence to their respective depository participants.