



Tenth Annual Report
2002-2003



JAGSON AIRLINES LIMITED

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Tenth Annual Report 2002-2003

BOARD OF DIRECTORS

Mr. Jagdish P. Gupta

Chairman and
Managing Director
Director
Director
Director
Director

Ms. Ravinder Hora

Prof. R.K. Amin

Mr. Sardar Singh Mudgil

Mr. Chandra Wadhwa

Mr. Bhuvu Kant

COMPANY SECRETARY

Mr. Alok Kumar Kuchhal
(Mr. Alok Kumar Kuchhal has left the Company & Mr. Gaurav Puri has joined in his place)

AUDITORS

M/s D.R. Malik & Co.
Chartered Accountants
C-4/38, Safdarjung Development Area
New Delhi-110 016

BANKERS

State Bank of Hyderabad,
Bank of Punjab Ltd.

CORPORATE OFFICE

IIIrd Floor, Vandana Building
11, Tolstoy Marg
New Delhi-110 001

REGISTERED OFFICE

18B, S.D.A. Complex
Kasumpti, Shimla
Himachal Pradesh-171 009

REGISTRAR & SHARE TRANSFER AGENT

RC MC Share Registry (P) Ltd.
1515, (1st Floor) Bhisham Pitamah Marg,
Kotla Mubarakpur, New Delhi - 110 003

THE STOCK EXCHANGE, MUMBAI

Phiroz Jeejeebhoy Towers,
Dalal Street,
Mumbai-400 001

THE DELHI STOCK EXCHANGE ASSOCIATION LTD.

DSE House
3/1, Asaf Ali Road
New Delhi-110 002

THE LUDHIANA STOCK EXCHANGE ASSOCIATION LTD.

Feroz Gandhi Market
Ludhiana-141 001

JAIPUR STOCK EXCHANGE LTD.

Stock Exchange Building,
Jawahartal Nehru Marg,
Malviya Nagar
Jaipur-302 017

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NOTICE

Notice is hereby given that the Tenth Annual General Meeting of Jagson Airlines Ltd. will be held at "Panchayati Ghar, P.O. Durgapur, Distt. Shimla, Himachal Pradesh" on Monday, the 29th September, 2003 at 10:30 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 2003.
2. To appoint a Director in place of Ms Ravinder Hora who retires by rotation and being eligible offers herself for re-appointment.
3. 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

4. "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 for a further period of one year w.e.f. 5.7.03 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.

Date : 26.08.03
Place : New Delhi

Ms. Ravinder Hora
Director

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 15th September, 2003 to 29th September, 2003 (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 experience industrialist and control the affairs of the company as a whole. He is the founder of Jagson Airlines Ltd. and since than contributing his valuable experience towards continuous growth of the Company.

The Board of directors 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 30.07.2003 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 MS RAVINDER HORA AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT**Item no. 2**

Ms Ravinder Hora is a well known lady of business repute. She was born on 07.09.1956 and completed her Post Graduation in Office Supervision. She had very long and continuous relationship with Jagson and are also the director of other companies of Jagson Group of Companies i.e. Offshore and Jagson International.

By Order of the Board
for JAGSON AIRLINES LTD.

Date : 26.08.03
Place : New Delhi

Ms. Ravinder Hora
Director

JAGSON AIRLINES LIMITED**DIRECTORS' REPORT**

To The Shareholders,

Your Directors have pleasure in presenting Tenth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2003.

Financial Results	(Rs. In lacs)	
	Year Ended March 2003	Year Ended March 2002
Total Income	526.73	460.62
Gross loss before Dep & Tax	(44.92)	(30.01)
Provision for depreciation	27.74	24.49
Provision for Tax for Previous Year	Nil	(4.90)
Provision for Deferred Tax	(1.60)	(6.59)
Net loss	(169.16)	(65.99)
General Reserves		
(Surplus of Profit & Loss A/c)	6.35	175.50

With regard to point no. 4 of Notes to Accounts in which Auditors had pointed out about non provision of Rs. 1.27 Lac against shortfall of value of Quoted Investments. Same had been provided in the Current year after it had been brought into the notice of management by the auditors.

Operations

In view of the general slowdown in the economy, the Company had closed it's books for the year 2002-03 with a loss of Rs. 1.69 Cr.

Your directors are pleased to announce that, irrespective of above slowdown, Company is able to add one Chetak Helicopter in it's existing fleet of aircraft. Now total Three Dornier aircrafts and One Chetak Helicopter 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 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)
	31.3.2003
Foreign Exchange Earned	58.17
Foreign Exchange Used	65.20

Directors

Ms Ravinder Hora Director who retires by rotation and being eligible, offers herself for reappointment. Your Directors in their meeting held on 30.07.2003 appoints Sh. J P Gupta, Chairman and Managing Director of the company for a further period of One year w.e.f. 5.7.2003 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, 2003, 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, 2003 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 : 26.08.03
Place : New Delhi

Jagdish P.Gupta
Chairman

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

Corporate Governance is the combination of voluntary practices and compliance with laws and regulations leading to effective control and management of the organisation. Good Corporate Governance leads to long term shareholder value and enhances interest of the stake holders. It brings into focus the fiduciary and the trusteeship role of the Board to align and direct the actions of the organisation towards creating wealth and shareholder value.

Company's philosophy on corporate governance is to achieve 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 five non-executive directors, who are independent Director out of this two are promoter director.

During the year 2002-2003 the Board met four times on the following dates, namely 30.04.2002, 10.07.2002, 30.10.2002, 30.01.2003.

Composition of Board of Directors as on 31st March 2003 are as follows :

Name	Category	Attendance Particulars		Number of other directorships and		
		Board Meeting	Last AGM	Other Directorships	Committee Membership	Committee Chairmanships
Mr. J P Gupta	CMD	4	Present	3	—	—
Ms. Ravinder Hora	DIR	4	Present	2	2	1
Prof. R K Amin	DIR	4	Not Present	—	—	—
Mr. Sardar Singh Mudgil	DIR	4	Present	—	—	—
Mr. Bhuvu Kant	DIR	4	Present	—	1	1
Mr. Chandra Wadhwa	DIR	3	Present	—	1	—

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

None of the directors 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 Mr. Bhuvu Kant, Ms. Ravinder Hora and Mr. Chandra Wadhwa. 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 four times during the 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.

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- 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 do not draw any remuneration from the Company 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, 2003 is as follows:

Sh. J P Gupta	}	Rs. 1000/- each
Ms. Ravinder Hora		
Sh. Sardar Singh Mudgil		
Prof. R K Amin		
Sh. Bhuv Kant		
Sh. Chandra Wadhwa	—	Rs. 750.00
Sh. Ranjan Poddar*	—	Rs. 500.00

* Sh. Ranjan Poddar had retired by rotation at the last AGM and had expressed his unwillingness for reappointment .

5. Shareholders/Investors Grievance Committee

The Committee comprises of two members, Ms. Ravinder Hora, Director and Company Secretary. The functioning and terms of reference of the committee is as prescribed under and in due compliance with the Listing Agreement with the Stock Exchanges with particular reference to transfer, dematerialisation, complaints of shareholders etc. Mr. Alok Kumar Kuchhal also acts as a Secretary to the Committee and also as the Compliance Officer.

During the year under review, 104 letters /enquiries were received from investors which were replied/resolved to the satisfaction of the investors. Out of the above, 13 letters outstanding as on 31st March, 2003 were attended/replied by 16.04.03.

Four (4) requests for transfer and Thirty One (31) requests for dematerialisation were pending for approval as on 31st March, 2003. These pending requests were duly approved and dealt with by 16.04.03

6. General Body Meetings

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

Year	Location	Date	Time
1999-2000	Panchayati Ghar, P O Durgapur Distt. Shimla, HP	27.09.2000	10:00 A.M.
2000-2001	Same as above	22.09.2001	09:30 A.M.
2001-2002	Same as above	29.09.2002	09.30 A.M.

Note :

No postal ballots were used/invited for voting at these meetings.

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 Financial Express & in Hindi Jansatta. Quarterly results were also available on the web site of the Company www.jagsonairlines.com.
- b) Management Discussion and Analysis forms part of the Directors report which is posted to the shareholders of the company.