



Report  Junction.com

## **Twelfth Annual Report 2004-2005**



# **JAGSON AIRLINES LIMITED**

---

**JAGSON AIRLINES LIMITED**  
Twelfth Annual Report 2004-2005

**BOARD OF DIRECTORS**

Mr. Jagdish P. Gupta	<b>Chairman and Managing Director</b>
Ms. Ravinder Hora	Director
Mr. Bhuvu Kant	Director
Mr. A.S. Kalkat	Director
Mr. B.K. Goswami	Director
Mr. Vinay Gupta	Director
Mr. Sardar Singh Mudgal	Director
Mr. Chandra Wadhwa	Director

**COMPANY SECRETARY**

Mrs. Gunjan Gangwani

**AUDITORS**

M/s D.R. Malik & Co.  
Chartered Accountants  
C-58, 1st Floor, Palam Vyapaar Kendra  
Palam Vihar  
Gurgaon-122017 (Haryana)

**BANKERS**

State Bank of Hyderabad,  
Bank of Punjab Ltd.,  
Andhra Bank,  
Bank of Baroda,  
Central Bank of India,  
Corporation Bank,  
State Bank of India,  
Syndicate Bank,  
UTI Bank,  
J&K Bank.

**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**

RCMC 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

## **CONTENTS**

	<b>PAGE NO.</b>
Notice	1
Directors' Report	2
Corporate governance	3
Management discussion and analysis	7
Auditors' Report	9
Balance Sheet	12
Profit & Loss Account	13
Cash Flow Statement	22
Balance Sheet Abstract	23

**NOTICE**

Notice is hereby given that the Twelfth Annual General Meeting of Jagson Airlines Ltd. will be held at "Panchayat Ghar, P.O.Durgapur, Distt. Shimla, Himachal Pradesh" on Friday, the 30th day of September 2005 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 2005.
2. To appoint a Director in place of Ms. Ravinder Hora who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sardar Singh Mudgal who retires by rotation and being eligible offers himself 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. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:  
"RESOLVED THAT Mr. A. S. Kalkat be and is hereby appointed as Director of the Company liable to retire by rotation"
6. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:  
"RESOLVED THAT Mr. B.K.Goswami be and is hereby appointed as Director of the Company liable to retire by rotation"
7. To consider and if thought fit, to pass with or without modification(s) the following resolution as a Ordinary Resolution:  
"RESOLVED THAT Mr. Vinay Gupta be and is hereby appointed as Director of the Company liable to retire by rotation."

By Order of the Board  
For JAGSON AIRLINES LTD.  
Sd/-  
(Gunjan Gangwani)  
Company Secretary

Date : 17.08.05  
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. Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956 is annexed.
3. Members/Proxies should bring the enclosed attendance slip duly filled in for attending the meeting.
4. The register of Members and share transfer books of the Company shall remain closed from (26th September 2005 to 30th September 2005) both days inclusive.

**I. EXPLANATORY STATEMENT PURSUANT TO SECTION 173 (2) OF THE COMPANIES ACT, 1956.****Item No. 5, 6 & 7**

In order to strengthen the board of directors, your company has inducted three directors on the board, all of them having vast experience in the field of aviation industry.

Mr. B.K.Goswami, Mr. A.S.Kalkat and Mr. Vinay Gupta joined the Board as additional director w.e.f 25.02.05, 15.03.05 and 19.07.05 simultaneously and by virtue of section 260 of the Companies Act, 1956 all the three directors will hold office upto the date of Annual General Meeting. The Company has received notices in writing alongwith a deposit of Rs. 500/- from member of the Company proposing their candidature for the office of the director.

Your directors are of the view that the Company would be immensely benefited by the wealth of experience and expert guidance of the new directors and hence commend for approval, resolutions contained in item nos. 5, 6 & 7 of the notice convening the Annual General Meeting.

None of the directors except Mr. B.K.Goswami, Mr. A.S.Kalkat and Mr. Vinay Gupta are concerned or interested in item nos 5, 6 & 7 of the notice.

**DETAILS OF MS. RAVINDER HORA AND MR. SARDAR SINGH MUDGAL AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT****Item no. 2 & 3**

Mr. 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 is associated with the Company since many years and had given her time and energy for upbringing of the Company since so many years. She is also associated as Director with the other group companies under the flagship of JAGSON.

Mr. Sardar Singh Mudgal was born on 07.05.1955. He is a associated with the Company since 1998 and have a long and continuous relationship with Jagson. Mr. Mudgal does not hold any directorship or Committee in any other Company.

By Order of the Board  
For JAGSON AIRLINES LTD.

Date : 17.08.05  
Place : New Delhi

Sd/-  
(Gunjan Gangwani)  
Company Secretary

**JAGSON AIRLINES LIMITED****DIRECTORS' REPORT****To The Shareholders,**

Your Directors have pleasure in presenting Twelfth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2005.

**Financial Results**

Particulars	(Rs. In Lacs)	
	Year Ended March 2005	Year Ended March 2004
Total Income	612.80	696.70
Gross Profit/ (Loss) before Dep. & Tax	28.09	47.72
Provision for depreciation	(37.20)	(34.08)
Tax Provision	(7.00)	Nil
Provision for Tax for Previous Year	Nil	Nil
Provision for Deferred Tax	(3.92)	(5.85)
Net Profit/ (loss)	85.56	7.79
General Reserves	99.70	14.14

(Surplus of Profit & Loss A/c)

**Operations**

The Company had closed its books for the year 2004-05 with a profit of Rs. 85.56 Lakhs.

The Board of Directors do not propose to recommend dividend for this year and invest the profits in the business activities of the Company for further growth.

**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)
	31.3.2005
Foreign Exchange Earned	95.75
Foreign Exchange Used	44.12

**Directors**

Ms. Ravinder Hora and Mr. Sardar Singh Mudgal, Directors who retires by rotation and being eligible, offers themselves for reappointment.

Mr. B. K. Goswami, Mr. A.S. Kalkat and Mr. Vinay Gupta were inducted on Board w.e.f 25.02.05, 15.03.05, and 19.07.05 simultaneously and hold office upto ensuing Annual General Meeting of the Company.

Your Board of Directors recommends their 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, 2005, 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, 2005 on a 'going concern' basis.

**Audit Committee**

The Audit Committee constituted by the Board of Directors consists of three Non-Executive Directors (majority of them being independent) namely Ms. Ravinder Hora, Mr. Bhuv Kant, Mr. Chandra Wadhwa. Ms. Ravinder Hora 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 Stock Exchanges. Company had paid the listing fees of all the above stock exchanges in advance for the financial year 2005-06.

Further this is to apprise the shareholders that your Company has applied for listing of its equity shares at the National Stock Exchange for smooth trading of the shares of the Company by public and corporate and for betterment of the Company as a whole.

**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.

Sd/-

Date : 17.08.05  
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.

At Jagson, our pursuit towards achieving good governance is an ongoing process, as a conscious and conscientious effort thereby ensuring truth, transparency, accountability and responsibility in all our dealings with our employers, shareholders, consumers and community at large. It is an ongoing measure of superior delivery of companies object in a view to translate opportunities into reality.

The Board of Directors of Jagson Airlines Limited is committed to business integrity, high ethical values and professionalism across all its activities. As an essential part of this commitment the Board supports the highest standards of Corporate Governance as it must balance individual interest with corporate goals and operate within accepted norms of propriety, equity, fair play and sense of justice and this balance depends on accountability and transparency which builds stakeholders confidence.

**2. Board of Directors**

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

During the year 2003-2004 the Board met six times on the following dates, namely 28th April 2004, 20th July 2004, 19th August 2004, 27th October 2004, 24th January 2005 and 15th March 2005:-

Composition of Board of Directors as on 31st March 2005 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	6	Present	3	—	—
Ms. Ravinder Hora	DIR	6	Present	2	2	2
Mr. Sardar Singh Mudgal	DIR	6	Present	—	—	—
Mr. Bhuvu Kant	DIR	4	Present	—	1	—
Mr. Chandra Wadhwa	DIR	—	Present	—	1	—
Mr. A. S. Kalkat	DIR	—	Not Present	1	1	—
Mr. B. K. Goswami	DIR	—	Not Present	14	4	—

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 Company continued to derive immense benefit from the deliberations of the Audit Committee comprising three independent non-executive 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 five times during the year. Dates of Audit Committee Meetings and number of members present is as follows:- 28th April 2004 (3), 20th July 2004 (3), 19th August 2004 (2), 27th October 2004 (3) and 24th January 2005 (2).

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

**JAGSON AIRLINES LIMITED**

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.

- d. Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- e. Reviewing the adequacy of internal audit functions.
- f. Discussion with internal auditors any significant findings and follow up thereon.
- g. 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.
- h. 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.
- 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 attended by them.

**5. Shareholders/Investors Grievance Committee**

The Shareholders/investors grievance committee specifically looks into redressing of shareholders and investors complaints such as transfer, change of address etc. The committee consists of two Directors, namely, Ms. Ravinder Hora (Chairman of the Committee) and Mr. Bhuv Kant. Mrs. Gunjan Gangwani, Company Secretary, is the Compliance Officer who oversees the investor grievances such as non-receipt of dividend/ interest, annual report, delays in transfer of shares/ debentures etc. The Committee also reviews investors' grievances.

During the year under review, 219 letters /enquiries were received from investors which were replied/resolved to the satisfaction of the investors. The Committee also approves transfer of shares etc on regular intervals of 15-20 days. During the period, 24 meetings of the Committee were held. All valid requests for transfers of shares, issue of Duplicate Shares etc. in physical form were processed in time and there were no pending transfers of shares.

**6. General Body Meetings**

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

Year	Location	Date	Time
2001-2002	Panchayat Ghar, P O Durgapur Distt. Shimla, HP	28.09.2002	09:30 A.M.
2002-2003	Same as above	29.09.2003	10.30 A.M.
2003-2004	Same as above	29.09.2004	10.30 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 and promptly furnished to the Stock Exchanges for display on their respective websites. Financial results and Shareholding Pattern are also posted on the Electronic Data Information Filing and Retrieval (EDIFAR) website namely [www.sebidifar.nic.in](http://www.sebidifar.nic.in). The website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website [www.sebi.gov.in](http://www.sebi.gov.in).



b) 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 : 30th September 2005 at 10.30 A.M  
Venue : Panchyat Ghar, P O Durgapur, Distt. Shimla, HP

### 9.2 Financial Calendar 2005-06

(tentative) : Annual General Meeting (Next year) last week of Sept 2006  
**Board Meetings**

Results for the quarter ending 30 June'04 - Last week of July'05  
Results for the quarter ending 30 Sept'04 - Last week of Oct'05  
Results for the quarter ending 31 Dec' 04 - Last week of Jan'06  
Results for the year ending 31 March' 05 - Last week of April'06

**9.3 Book Closure date** : 26th September to 30th September, 2005 (Both days inclusive)

**9.4 Dividend** : No dividend was declared for the financial year 2004-05

### 9.5 (a) Listing on Stock Exchanges & Stock Code

Stock Exchange	Code
Delhi Stock Exchange, DSE House, 3/1, Asaf Ali Road, New Delhi-110002	110096
The Stock Exchange, Mumbai, 1st Floor, New Trading Ring, Rotunda Building, P J Towers, Dalal Street, Fort, Mumbai-400 001	520139

Note : Shares are proposed to be de-listed from the Stock Exchanges other than The Stock Exchange Mumbai.

### (b) Demat ISIN Number in NSDL & CDSL

INE 685B01018

Note : Annual Listing fees for the year 2005-2006 have been duly paid to all the above Stock Exchanges

### 9.6 (i) Distribution of shareholding as on 31st March, 2005

Shareholding of Value of Rs.	Shareholders		Shareholdings		
	No.	% to Total	Shares	Amount	% to Total
Upto 5,000	19697	93.71	3716270	37162700	34.90
5,001 To 10,000	866	4.12	690925	6909250	6.49
10,001 To 20,000	268	1.28	403225	4032250	3.79
20,001 To 30,000	83	0.39	213011	2130110	2.00
30,001 To 40,000	24	0.11	88799	887990	0.83
40,001 To 50,000	30	0.14	141026	1410260	1.32
50,001 To 1,00,000	24	0.11	183831	1838310	1.73
Above 1,00,000	26	0.12	5210113	52101130	48.93

### (ii) Shareholding Pattern as on 31st March 2004

1. Promoter/Directors	43.22%
2. Indian Public	48.21%
3. International Investors	04.01%
4. Bodies Corporate	04.88%

### 9.7 Liquidity

Company's shares are traded on Delhi/Mumbai Stock Exchanges. Relevant data for the average trading price on the Bombay Stock Exchange during the financial year 2004-05 is given below:

Month	High (Rs.)	Low (Rs.)
April 2004	6.45	3.55
May 2004	11.50	3.92
June 2004	7.45	4.60
July 2004	8.15	4.55
August 2004	5.50	3.62
September 2004	6.10	4.10
October 2004	6.89	4.71

**JAGSON AIRLINES LIMITED**

November 2004	11.68	5.50
December 2004	13.21	7.50
January 2005	22.99	13.65
February 2005	48.65	24.25
March 2005	35.70	19.65

**9.8 Share Transfer System**

As all listed companies should have a common agency for both physical and electronic share transfer work. The Company's Registrar cum transfer agent for Physical as well as Electronic share Transfer work is M/s RCMC Share Registry (P) Ltd.

After appointment of M/s RCMC Share Registry (P) Ltd. as RTA for both physical and electronic share transfer work, all the shares which comes for transfer, demat, remat etc. with the company are sent to M/s RCMC on daily basis to avoid any delay in transfer.

**9.9 Dematerialisation of shares**

Approximately 64.13% of the shares issued by the company have been dematerialised upto 31st March 2005.

**9.10 Address for Investor Correspondence**

- For transfer/dematerialisation of Shares

RCMC Share Registry P. Ltd.  
1515, (1st Floor),  
Bhisham Pitamah Marg  
Kotla Mubarakpur  
New Delhi-110003

- Any other query

Jagson Airlines Ltd  
3rd Floor, 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.

Report Junction.com

By Order of the Board  
for JAGSON AIRLINES LTD.

Date : 17.08.05  
Place : New Delhi

Sd/-  
Jagdish P.Gupta  
Chairman