



Report

JUNIOR

**Fourteenth Annual Report  
2006-2007**



**JAGSON AIRLINES LIMITED**

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**JAGSON AIRLINES LIMITED**  
Fourteenth Annual Report 2006-2007

<b>BOARD OF DIRECTORS</b>	Mr. Jagdish P. Gupta	Chairman and Managing Director
	Ms. Ravinder Hora	Director
	Mr. Bhuvi Kant	Director
	Mr. A.S. Kalkat	Director
	Mr. Sardar Singh Mudgal	Director
<b>COMPANY SECRETARY</b>	Ms. Charanjeet Kaur	
<b>AUDITORS</b>	M/s Sanjay Kailash & Associates Chartered Accountants A-2/131, Rajouri Garden, New Delhi - 110 027	
<b>BANKERS</b>	State Bank of Hyderabad, Centurion Bank of Punjab Ltd., Andhra Bank, Bank of Baroda, Central Bank of India, Corporation Bank, State Bank of India, Syndicate Bank, J&K Bank, ICICI Bank	
<b>CORPORATE OFFICE</b>	IIIrd Floor, Vandana Building 11, Tolstoy Marg New Delhi-110 001	
<b>REGISTERED OFFICE</b>	18B, S.D.A. Complex Kasumpti, Shimla Himachal Pradesh-171 009	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	RCMC Share Registry (P) Ltd. B-106, Sector-2, Noida - 201301	
<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	

## CONTENTS

	PAGE NO.
Notice	1
Directors' Report	2
Corporate governance	5
Management discussion and analysis	9
Auditors' Report	11
Balance Sheet	13
Profit & Loss Account	14
Cash Flow Statement	23
Balance Sheet Abstract	24

**NOTICE**

Notice is hereby given that the Fourteenth Annual General Meeting of Jagson Airlines Limited will be held at Panchayat Ghar, P.O. - Durgapur, Distt. Shimla (Himachal Pradesh) on Saturday the 29<sup>th</sup> day of September 2007 at 11.00 a.m. to transact the following business.

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Statements of Account for the period ended on 31<sup>st</sup> March, 2007 together with the Directors' Report as also the Auditor's Report thereon.
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 a Director in place of Mr. Sardar Singh Mudgil who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint M/s Sanjay Kailash & Associates, Chartered Accountants, 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.

For & on Behalf of the Board  
For JAGSON AIRLINES LIMITED  
Sd/-  
**Jagdish P. Gupta**  
Chairman cum Managing Director

Place : New Delhi

Date : 31.08.2007

**Notes :**

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy. Proxy need not be a member. The form of proxy must reach at least 48 hours before the meeting.
2. The Notice convening the Annual general meeting is to be sent to every member. No extra copy shall be available at the meeting; the members are requested to bring their copy in the meeting.
3. Members are requested to inform their change of address so that they can receive their correspondence in time.
4. The Register of Members and Share Transfer Register the Company shall remain closed from 27<sup>th</sup> September, 2007 to 28<sup>th</sup> September, 2007 (both days inclusive).
5. No Gift is allowed in the meeting.

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

To, The Members,

Your Directors have pleasure in presenting Fourteenth Annual Report together with the Audited Accounts of the company for the financial year ended 31st March, 2007.

**FINANCIAL RESULTS**

Particulars	Amount (Rs. In Lacs)	
	Year Ended <u>March 2007</u>	Year Ended <u>March 2006</u>
Total Income	2107.48	980.98
Gross Profit/ (Loss) before Dep. & Tax	93.71	83.80
Provision for depreciation	221.88	41.96
Tax Provision	Nil	1.09
Provision for Deferred Tax	416.95	3.10
Provision for FBT	6.56	4.25
Net Profit/ (loss)	(551.68)	33.40
General Reserves (Surplus of Profit & Loss A/c)	133.10	133.10

**OPERATIONS**

The Company had closed its books for the year 2006-07 with a loss of Rs. 551.68 Lacs as against Previous year Profit of Rs.33.40 Lacs.

The loss during the current year is due to provision for deferred tax i.e. the provision for depreciation in respect of Two (No.s) MI-172 helicopters purchased by the company during the financial year 2006-07.

**DIVIDEND**

The Board of Directors has not re-commended any dividend for this year under review keeping in view the growth of the Company.

**PUBLIC DEPOSITS**

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

**DIRECTORS**

Ms. Ravinder Hora and Mr. Sardar Singh Mudgil, Directors are retiring by rotation and being eligible, offers themselves for reappointment.

Your Board of Directors recommends their appointments for your approval.

**AUDITORS**

M/s. Sanjay Kailash & Associates, Auditors of the company

retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

After sudden demise of Mr. D R Malik, Senior Partner of M/s. D R Malik & Co., Chartered Accountant, Mr. Indresh Malik was the only Partner left in the firm. Consequently the firm had to be reconstituted to continue as proprietorship firm in place of partnership firm. Due to heavy work pressure Mr. Indresh Malik resigned from the office of auditor. M/s. Sanjay Kailash & Associates, was appointed as auditors of the company to fill the casual vacancy so created.

**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, and Mr. Sardar Singh Mudgil. 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.

**SHARE TRANSFER COMMITTEE**

The Share transfer committee controls the physical & demat shares and meets regularly on interval of Fifteen days.

**INVESTORS GRIEVANCES COMMITTEE**

All the grievances of the shareholders are redressed on priority basis when the complaints /grievances are received by the Company.

**LISTING REQUIREMENT**

As required by Clause 32 of Listing Agreement, Cash Flow Statement is appended with the Annual Accounts of the Company.

**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 2007-08.

**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.

**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 is 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, is not applicable.

**FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

	(In Lacs)	
	<u>31.03.2007</u>	<u>31.03.2006</u>
Foreign Exchange Earned	98.74	111.89
Foreign Exchange Used	512.49	56.55

**EMPLOYEES**

During the year under review the detail of the employees who are in receipt of remuneration exceeding the limits as prescribed under Section 217(2A) of the Companies Act, 1956 is as under:

S. No	Name	Designation	Remuneration (Per Month) (In Rs.)	Qualification	Date of Employment (In Years)	Total Employment (In Years)	Age	Last Employment
1	Capt. S C Sharma	Pilot	2,65,000	MSC & PSC	26.05.2006	20	61	Gorkha Airlines
2	Capt. S B Chand	Pilot	2,30,000	B. Com	01.12.2005	16	42	Gorkha Airlines
3	Capt. B S Dutta	Pilot	2,30,000	B. Com	16.12.2005	13	40	Gorkha Airlines
4	Capt C P Garg	Pilot	2,00,000	B. Com	10.01.2006	44	64	Airport Authority of India
5	Capt. S . K. Gupta	Commander	2,50,000	M S C	18.07.2006	40	62	Pawan Hans Helicopter
6	Capt. Vijay Prakash	Commander	2,50,000	Inter Science	03.07.2006	42	62	Pawan Hans Helicopter
7	Capt. VPS Parmar	Commander	2,50,000	Graduate	15.05.2006	27	48	Hindustan Aeronautics Ltd.
8	Capt. Neeraj Sharma	Commander	2,78,866	Graduate	01.06.2006	9	35	Sita Travels Pvt. Ltd., Nepal
9	Capt. Alok Kumar Singh	Comimander	2,93,940	Civil Engineer	01.07.2006	16	45	Gorkha Airlines

**JAGSON AIRLINES LIMITED**

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**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:

- (i) that in the preparation of the Annual Accounts for the year ended 31st March, 2007, the applicable accounting standards had been followed along with proper explanation relating to material departures.
- ii) that the Directors had selected such accounting policies and applied them consistently and made judgments 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.
- iii) 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.
- iv) that the Directors had prepared the accounts for the year ended 31st March, 2007 on a 'going concern' basis.

**ACKNOWLEDGEMENT**

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

For & on Behalf of the Board  
For JAGSON AIRLINES LIMITED  
Sd/-  
Jagdish P. Gupta  
Chairman cum Managing Director

Place : New Delhi

Date : 31.08.2007



**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 enhance interest of the stakeholders. 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 Airlines Limited, 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, Stakeholders, Consumers and Community at large. It is an ongoing measure of superior delivery objective of the Company in 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 stake holder's confidence.

**2. Board of Directors**

The Board of Directors of the Company consists of one executive Chairman - cum - Managing Director and Four non-executive Directors, who are independent Director including one Promoter Director.

During the year 2006-07 the Board met Twenty Two Times on the following dates, namely 28th April 2006, 21st June 2006, 10th July 2006, 24th July 2006, 12th August 2006, 6th September 2006, 26th September 2006, 5th October 2006, 31st October 2006, 8th December 2006, 14th December 2006, 26th December 2006, 28th December 2006, 8th January 2007, 17th January 2007, 31st January 2007, 8th February 2007, 12th February 2007, 6th March 2007, 7th March 2007, 15th March 2007 and 29th March 2007.

Composition of Board of Directors as on 31<sup>st</sup> March 2007 is 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	22	Present	1	—	—
Ms. Ravinder Hora	DIR	22	Present	1	3	3
Mr. Bhuvu Kant	DIR	22	Present	—	3	—
Mr. S. S. Mudgal	DIR	12	—	—	3	—
Mr. A S Kalkat	DIR	10	—	—	—	—

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 Comm.ittee**

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. Sardar Singh. 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 on 28th April 2006, 24th July 2006, 12th August 2006, 31st October 2006 and 31st January 2007.

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

- a. Oversight of the company's financial reporting process and the disclosure of its financial information;
- b. Recommending the appointment and removal of external auditors, fixation of audit fee and also approval for payment for any other services.
- c. Reviewing with management the annual financial statements before submission to the board, focusing primarily on:
  - (i) any changes in accounting policies and practices
  - (ii) major accounting entries based on exercise of judgment by management
  - (iii) Qualifications in draft audit report
  - (iv) Significant adjustments arising out of Audit
  - (v) The going concern assumption



**JAGSON AIRLINES LIMITED**

- (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.
- d. Reviewing with the management, external and internal auditors, and 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 the nature and scope of audit as well as has 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 and shareholders (in case of non payment of declared dividends) and creditors.

**4. Remuneration Committee**

Company had not formed any Remuneration Committee.

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/- (Rs. Two Hundred Fifty) for each meeting attended by them.

**5. Shareholders / Investors Grievance Committee**

The Shareholders/Investors Grievance Committee specifically looks into redressing of Shareholders/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. Bhuvi Kant, Director. Ms. Charanjeet Kaur, Company Secretary, is the Compliance Officer who oversees the Investor Grievances such as non-receipt of dividend / interest, annual report, delays in transfer/transmission of Shares / Debentures etc. The Committee also reviews Investor's Grievances.

During the year under review, Twenty-Four 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 Certificates etc. in physical form were processed in time. The Committee avoids the pendency in the functioning of the Share Department.

**6. General Body Meetings**

The General Meetings of the Company held during previous Financial years are as under:

Year	Location	Date	Time
2002-03	Panchayat Ghar, P O Durgapur Distt. Shimla, HP	29.09.2003	10:30 A.M.
2003-04	Same as above	29.09.2004	10.30 A.M.
2004-05	Same as above	29.09.2005	10.30 A.M.
2005-06	same as above	04.02.2006	10.00 A.M.
2005-06	same as above	16.09.2006	10.30 A.M.
2006-07	same as above	26.05.2007	10.00 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, and 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.