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Sixteenth Annual Report 2008-2009



JAGSON AIRLINES LIMITED

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JAGSON AIRLINES LIMITED


Company Secretary

JAGSON AIRLINES LIMITED
Sixteenth Annual Report 2008-2009

BOARD OF DIRECTORS	Mr. Jagdish Pershad Gupta Ms. Ravinder Hora Mr. Bhuvu Kant Mr. Sardar Singh Mudgal Mr. Ramesh Chandra Jain	Chairman and Managing Director Director Director Director
COMPANY SECRETARY	Mr. Ram Pravesh	
AUDITORS	M/s Sanjay Kailash & Associates Chartered Accountants A-2/131, Rajouri Garden, New Delhi - 110 027	
BANKERS	State Bank of Hyderabad, HDFC Bank Ltd., Andhra Bank, Bank of Baroda, Central Bank of India, Corporation Bank, State Bank of India, Syndicate Bank, J&K Bank, ICICI 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. B-106, Sector-2, Noida - 201301	
THE STOCK EXCHANGE, MUMBAI	Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai-400 001	
THE DELHI STOCK EXCHANGE LTD.	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	10
Auditors' Report	13
Balance Sheet	15
Profit & Loss Account	16
Cash Flow Statement	25
Balance Sheet Abstract	26
Attendance Slip & Proxy Form	27

NOTICE

Notice is hereby given that the Sixteenth Annual General Meeting of M/s Jagson Airlines Limited will be held at Panchayat Ghar, P.O. - Durgapur, Distt. Shimla, Himachal Pradesh on Tuesday the 22nd day of September 2009 at 10.00 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 31st March, 2009 together with the Director's Report and 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. R. C. Jain 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 the next Annual General Meeting of the company and to fix their remuneration.

For & on Behalf of the Board
For JAGSON AIRLINES LIMITED

Place : New Delhi
Date : 25.08.2009

Sd/-
Jagdish P. Gupta
Chairman cum Managing Director

NOTES:

1. A member entitled to attend and vote at the meeting is entitled to appoint a Proxy. Proxy need not be a member of the Company. The form of proxy must reach to the registered office of the Company at least 48 hours before the commencement of 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 attending the meeting are requested to complete the enclosed attendance slip & deliver the same at the entrance of the meeting hall.
4. Members are requested to inform their change of address so that they can receive their correspondence in time.
5. The Register of Members and Share Transfer Register the Company shall remain closed from 19th September, 2009 to 21st September, 2009 (both days inclusive).
6. Distribution of Gift is not allowed in the meeting.

JAGSON AIRLINES LIMITED**DIRECTORS' REPORT**

To,

The Members,

Your Directors have pleasure in presenting Sixteenth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2009.

FINANCIAL RESULTS

Particulars	Amount (Rs. In Lacs)	
	Year	Year
	Ended <u>March</u> <u>2009</u>	Ended <u>March</u> <u>2008</u>
Total Income	755.86	1501.75
Gross Profit/ (Loss) before Dep. & Tax	(295.61)	(89.71)
Provision for depreciation	268.44	256.14
Tax Provision	Nil	Nil
Provision for Deferred Tax	141.78	265.73
Provision for FBT	3.51	6.00
Net Profit/ (loss)	(709.36)	(617.58)
General Reserves (Surplus of Profit & Loss A/c)	962.65	1095.75

OPERATIONS

The Company had closed its books for the year 2008-09 with a loss of Rs. 1745.52 Lac as against previous year Loss of Rs. 1169.26 Lac.

The company has received the Regional Scheduled Air Transport Services permit on 30th June, 2008 and is now planning to operate as Schedule Airlines shortly. The company also planning to go for such airlines routes as may be available and beneficial for the company.

DIVIDEND

The Board of Directors has not re-commended any dividend for this year under review keeping in view the financial requirements & 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. R. C. Jain, Directors are retiring by rotation and being eligible, offers themselves for re-appointment.

Your Board of Directors recommends their appointments for your approval.

Mr. Jagdish Pershad Gupta, having vast experience in the field of aviation industry has been re-appointed as Managing Director of the Company for a period of five years w.e.f. 05th July, 2009, in the Extra-ordinary General Meeting of members hold on 30th June, 2009.

Your directors are of the view that Company would immensely benefited by the wealth of experience and expert guidance of Mr. Jagdish Pershad Gupta.

Mr. Probir Chandra Sen and Mr. Vinod Vaish have resigned from the directorship of the Company w.e.f. 08th November, 2008 and 12th January, 2009 respectively. The Board of Directors of your Company places its gratitude and appreciation for his valuable services and advises to Board during their tenure as Director.

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.

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. Bhuvi Kant, and Mr. Sardar Singh Mudgal. Mr. Bhuvi 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.

SHARE TRANSFER COMMITTEE

The Share transfer committee controls the physical & demat shares and meets regularly.

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 the 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 with Delhi Stock Exchange Limited and Mumbai Stock Exchanges Limited.

CORPORATE GOVERNANCE

Pursuant to Clause 49 of the Listing Agreement with the

Stock Exchanges, a Management Discussion and Analysis Report, 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)	
	31.03.2009	31.03.2008
Foreign Exchange Earned	—	—
Foreign Exchange Used	0.06	20.55

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:

Sl. No	Name	Designation	Remuneration (Per Month) (In Rs.)	Qualification	Date of Employment	Total Employment (In Years)	Age in Years	Last Employment
1	Capt. S. K. Gupta	Commander	Rs. 2,50,000	M Sc.	18.07.2006	40	62	Pawan Hans Helicopter
2	Capt. Vijay Prakash	Commander	Rs. 2,50,000	Inter Science	03.07.2006	42	62	Pawan Hans Helicopter
3	Mr. A.K. Chaudhary	Pilot	Rs. 3,00,000	Graduate	26.11.2008	30	52	PHHL
4	Mr. Mikhail Luskutov	Flight Engineer	USD 4400	Flight Engineer	23.10.2008	20	45	Mi-172/Mi-8 MTV Helicopters
5	Mr. Valery Gubanov	Captain	USD 5600	Pilots for Operating Mi-172 Helicopter	06.01.2009	30	54	Mi-172 Helicopters Pilot
6	Mr. Sergey Petrovich Kochubey	Captain	USD 5200	Pilots for Operating Mi-172 Helicopter	22.01.2009	20	42	Mi-172 Helicopters Pilot
7	Mr. Sylvester Vijay Monie	Dy. CEO	Rs. 2,50,000	B.E. (Hons.) Electrical & Economics	25.01.2009	15	39	HPCL Aviation Division, Hyderabad

JAGSON AIRLINES LIMITED

8	Capt.Chirva Alexander	Helicopter Capt.	Rs. 2,50,000	Graduate	30.01.2008	39	59	Shree Airlines, Nepal
9	Capt. Arieal Ramos	Commander	Rs. 2,05,000	Graduate	14.09.2007	15	35	Chad Govt.

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, 2009, 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, 2009 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 and on behalf of the Board
For JAGSON AIRLINES LIMITED
Sd/-

Jagdish P.Gupta
Chairman

Place : New Delhi
Date :25.08.2009

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 2008-09 the Board met Twenty three Times on the following dates, namely:

05.04.2008, 12.04.2008, 21.04.2008, 25.04.2008, 30.04.2008, 05.05.2008, 12.06.2008, 27.06.2008, 14.07.2008, 31.08.2008, 01.08.2008, 28.08.2008, 11.09.2008, 01.10.2008, 07.10.2008, 31.10.2008, 08.11.2008, 26.12.2008, 06.01.2009, 12.01.2009, 31.01.2009, 20.02.2009, 31.03.2009.

Composition of Board of Directors as on 31st March 2009 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	23	Present	1	—	—
Ms. Ravinder Hora	DIR	23	Present	1	3	2
Mr. Bhuvi Kant	DIR	23	Present	2	3	1
Mr. S. S. Mudgal	DIR	23	—	2	3	—
Mr. Ramesh Chandra Jain	DIR	—	—	2	1	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.

Ms. Ravinder Hora and Mr. R. C. Jain, Directors are retiring by rotation and being eligible, offers themselves for re-appointment.

Mr. Probir Chandra Sen and Mr. Vinod Vaish has resigned from the directorship of the company w.e.f. 08th November, 2008 and 12th January, 2009 respectively. The Board of Directors of your Company placed its gratitude and appreciation for his valuable services and advises to Board during their tenure as 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. Bhuvi Kant, Ms. Ravinder Hora and Mr. Sardar Singh Mudgal. 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 year 2008-09, namely;

30th April 2008, 27th June 2008, 31st July 2008, 31st October 2008, 31st January, 2009.

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

JAGSON AIRLINES LIMITED

- 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 ;
 - (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

Remuneration Committee consists of Ms. Ravinder Hora, Mr. Bhuvu Kant and Sardar Singh Mudgal, Director of the company. Ms. Ravinder Hora is the Chairman of the remuneration committee.

As per terms of appointment no remuneration is payable to Shri Jagdish Pershad 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 only) for each meeting attended by them.

5. Share Transfer Committee

Share transfer Committee meet at the regular interval of 15-20 days. The Committee approves Transfer of Shares etc. During the period, 22 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. Company's Shares are compulsorily required to be traded in dematerialization form.

6. 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 three Directors, namely, Ms. Ravinder Hora (Chairman of the Committee) and Mr. Bhuvu Kant, Director, Sardar Singh Mudgal, Director. Mr. Ram Parvesh, Company Secretary is the Compliance Officer who oversees the Investor Grievances such as non-receipt annual report, delays in transfer/transmission of Shares / Debentures etc. The Committee also reviews Investor's Grievances.

During the year under review, various letters /enquiries were received from Investors which were replied / resolved to the satisfaction of the Investors.

7. General Body Meetings

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

Year	Location	Date	Time	Type
2004-05	Panchayat Ghar, P O Durgapur Distt. Shimla, HP	30.09.2005	10:30 A.M.	A.G.M.

JAGSON AIRLINES LIMITED

2005-06	Same as above	04.02.2006	10.00 A.M.	E.G.M.
2005-06	Same as above	16.09.2006	10.30 A.M.	A.G.M.
2006-07	Same as above	26.05.2007	10.00 A.M.	E.G.M.
2006-07	Same as above	29.09.2007	11.00 A.M.	A.G.M.
2007-08	Same as above	27.09.2008	11.00 A.M.	A.G.M.

Note:

No Postal Ballots were used / invited for voting at these meetings.

8. 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.

9. Means of Communication

- a) The Company had published its quarterly results in English - Financial Express & in Hindi - Himachal Times -Shimla 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 The website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website: www.sebi.gov.in.
- b) Management Discussion and Analysis forms part of the Directors Report which is posted to the Members of the Company.

10. General Shareholder Information**10.1 Annual General Meeting**

Date and Time	:	22 nd September 2009 at 10.00 A.M.
Venue	:	Panchyat Ghar, P O Durgapur, Distt. Shimla, HP

- 10.2 Financial Calendar 2009-010** : Annual General Meeting (Next year) in the month of September, 2010
(Tentative)

Quarterly Results

Results for the quarter ending 30 th June 2009	— Last week of July'2009
Results for the quarter ending 30 th September 2009	— Last week of Oct'2009
Results for the quarter ending 31 st December 2009	— Last week of Jan'2010
Results for the year ending 31 st March 2010	— Last week of April'2010

- 10.3 Book Closure date** : 19th September to 21st Sept 2009 (Both days Inclusive)

- 10.4 Dividend** : No dividend has been declared for the Financial Year 2008-09;

10.5 (a) Listing on Stock Exchanges & Stock Code

Stock Exchange	Code
Delhi Stock Exchange Association Limited. DSE House, 3/1, Asaf Ali Road, New Delhi-110002	7445
Bombay Stock Exchange Limited. P J Towers, Dalal Street, Fort, Mumbai-400 001	520139

- (b) Demat ISIN Number** INE 685B01018
in NSDL & CDSL

Note: Annual Listing fees for the year 2008-09 have been duly paid to the above Stock Exchanges