



**Eighteenth Annual Report
2010-2011**



JAGSON AIRLINES LIMITED

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BOARD OF DIRECTORS	Mr. Jagdish P. Gupta Ms. Ravinder Hora Mr. Bhuvi Kant Mr. Sardar Singh Mudgal Mr. Ramesh Chandra Jain Mr. Rajendra Prasad Sinha	Chairman and Managing Director 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 Federal Bank Axis Bank	
CORPORATE OFFICE	11 th 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, Dalai Street, Mumbai-400 001	
THE STOCK EXCHANGE, DELHI	DSE House 3/1, Asaf Ali Road New Delhi-110 002	

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NOTICE

Notice is hereby given that the Eighteenth Annual General Meeting of M/s Jagson Airlines Limited will be held at Panchayat Ghar, P.O. - Durgapur, Distt. Shimla, Himachal Pradesh on Saturday the 24th day of September 2011 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, 2011 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.

SPECIAL BUSINESS

5. To consider and if thought fit, to pass with or without modification (s) the following resolution as an 'Ordinary Resolution':

"**RESOLVED THAT** Mr. Rajendra Prasad Sinha, who was appointed as an additional Director, in the meeting of the Board of Directors held on 28th April, 2011 and who holds office upto the date of 18th Annual General Meeting and in respect of whom a notice under section 257 of the Companies Act, 1956 has been received from a member of the Company signifying their intention to propose his name as a candidate for the post of Director of the company be and is hereby appointed as Director of the Company."

**For & on Behalf of the Board
For JAGSON AIRLINES LIMITED**

**Place : New Delhi
Date : 25th August, 2011**

**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 21st September, 2011 to 23rd September, 2011 (both days inclusive).
6. Distribution of Gift is not allowed in the meeting.

EXPLANATORY STATEMENTS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956:**ITEM NO. 5**

In order to strengthen the Board of Directors, your Board had appointed Mr. Rajendra Prasad Sinha, as an Additional Director, having vast experience in the field of Banking and finance industry.

Mr. Rajendra Prasad Sinha joined the Board with effect from 28th April, 2011, pursuant to section 260 of the Companies Act, 1956 and he will hold office upto the date of forthcoming 18th Annual General Meeting of the Company.

The company has received notice under section 257 of the Companies Act, 1956 from shareholders of the company proposing the name of the Mr. Rajendra Prasad Sinha for the post of director of the Company.

Your directors are of the view that company would be immensely benefited by the wealth of experience and expert guidance of the new director and hence recommend for your approval of the resolution contained in item no. 5 of the notice convening the Annual General Meeting.

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting Eighteenth Annual Report together with the Audited Accounts of the Company for the financial year ended 31st March, 2011.

Particulars	Amount (Rs. In Lacs)	
	Year Ended March 2011	Year Ended March 2010
Total Income	1079.20	1170.71
Gross Profit/ (Loss) before Dep. & Tax	(489.54)	(356.33)
Provision for depreciation	287.27	279.37
Tax Provision	Nil	Nil
Provision for Deferred Tax	64.66	64.03
Provision for FBT	-	-
Net Profit/ (loss)	(844.34)	(573.58)
General Reserves (Surplus of Profit & Loss A/c)	962.65	962.65

OPERATIONS

The Company had closed its books for the year 2010-11 with a loss of Rs. 3163.45 Lac as against previous year Loss of Rs. of Rs. 2319.11 Lac.

DIVIDEND

The Board of Directors has not recommended 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 reappointment.

Your Board of Directors recommends their appointment for your approval.

Mr. Rajendra Prasad Sinha, having vast experience in the field of Banking and finance industry, joined the Board and appointed as an additional Director with effect from 28th April, 2011. Pursuant to section 260 of the companies Act, 1956 he will hold the office upto the date of forthcoming Annual General Meeting.

Your directors are of the view that Company would be immensely benefited by the wealth of experience and expert guidance of the new director and hence recommends the reappointment for your approval.

Mr. Tara Sankar Bhattacharya has resigned from the directorship of the Company w.e.f. 28th February, 2011. The Board of Directors of your Company places its gratitude and appreciation for his valuable services and advises to the 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 Non-Executive Directors (majority of them being independent) namely Ms. Ravinder Hora, Mr. Bhuvu Kant, and Mr. Sardar Singh Mudgal. Mr. Bhuvu 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 Bombay Stock Exchange 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)	
	<u>31.03.2011</u>	<u>31.03.2010</u>
Foreign Exchange Earned	-	-
Foreign Exchange Used	-	-

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	Remunerati-on (Per Month) (In Rs./USD)	Qualification	Date of Employ-ment	Date of Resignation	Total Employment (In Years)	Age (in Years)	Last Employment
1	Mr. Slobodan Borislav Petrow	Vice President- Flight Operations	USD 11500	Qualified by Military Flying Academy, Yugoslav Airlines Aeronautical Collage, Aviation	05.11.2009	28.02.2011	31	53	MDLR Airlines, India

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, 2011, 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, 2011 on a 'going concern' basis.

ACKNOWLEDGMENT

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

Place : New Delhi
Date : 25th August, 2011

Sd/-
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 shareholders 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 Organization towards creating wealth and shareholders 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 Employees, 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, one executive Promoter Director and four non-executive Directors, who are independent Director..

During the year 2010-11 the Board met Twenty Times on the following dates, namely:

10.04.2010, 17.04.2010, 20.05.2010, 29.05.2010, 06.06.2010, 11.07.2010, 22.07.2010, 23.07.2010, 14.08.2010, 30.08.2010, 13.09.2010, 08.10.2010, 19.10.2010, 30.10.2010, 04.11.2010, 15.11.2010, 14.02.2011, 15.02.2011, 28.02.2011, 29.03.2011.

Composition of Board of Directors as on 31st March 2011 is as follows:

Name	Category	Attendance Particulars		Number of other directorships and		
		Board Meeting	Last AGM	Other Directorships	Committee Membership	Committee Chairmanships
Mr. Jagdish Pershad Gupta	CMD	20	Present	1	-	-
Ms. Ravinder Hora	DIR	20	Present	1	3	2
Mr Bhuvi Kant	DIR	17	Present	2	3	1
Mr. Sardar Singh Mudgal	DIR	18	-	2	3	-
Mr. Ramesh Chandra Jain	DIR	2	-	2	1	1
*Mr. Tara Sankar Bhattacharya	DIR	1				

CMD : Chairman - cum - Managing Director, DIR– Directors rotating by rotation and who are not Whole - Time Directors of the Company.

* Mr. Tara Sankar Bhattacharya has resigned from the Directorship of the Company w.e.f. 28th February, 2011.

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/she is a Director.

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

In order to strengthen the Board of Directors, your Board had appointed Mr. Rajendra Prasad Sinha, having vast experience in the field of Banking and Finance industry as an additional Director with effect from 28th April, 2011. Pursuant to Section 260 of the companies Act, 1956 he will hold office upto the date of Annual General Meeting. Your directors are of the view that company would be immensely benefited by the wealth of experience and expert guidance of the new director.

Mr. Tara Sankar Bhattacharya has resigned from the Directorship of the Company w.e.f. 28th February, 2011. The Board of Directors of your Company places its gratitude and appreciation for his valuable services and advises to the Board during their tenure as Director.

The brief profile of the Directors to be re-appointed is as under:

S. No.	Name	Date of Birth	Nationality	Qualification & Experience
1.	Ms. Ravinder Hora	07.09.1956	Indian	Post Graduate with experience over 30 years in the field of oil exploration, drilling and Airlines. She is associated with Jagson International Limited since 1988 and Jagson Airlines Limited since 1994.
2.	Mr. R.C. Jain	01.10.1933	Indian	He is an IAS(Indian Administrative Service)- Retired, Former Secretary to Government of India and Former adviser to Governor of Jammu & Kashmir and Uttar Pradesh during president's Rule.
3.	Mr. Rajindra Prasad Sinha	16.05.1950	Indian	Mr. Rajendra Prasad Sinha is a gold medalist from Patna University has more than 38 years of experience in banking sector. He superannuated as Deputy Managing Director encompassing two important verticals for the State Bank Group. During his long association with State Bank Group, Mr. Sinha held, with distinction, a variety of critical and challenging assignments within the Group. Presently, he is a Managing Director of M/s Embee Financial Services Limited.

3. Audit Committee

The Company continued to derive immense benefit from the deliberations of the Audit Committee comprising Independent non-Executive Directors namely Mr. Bhuvi Kant and Mr. Sardar Singh Mudgal, Ms. Ravinder Hora (Executive and Promoter Director) 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 2010-11, namely;

30th April 2010, 28th June, 2010, 31st July 2010, 30th October 2010, 30th January, 2011.

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 ;
 - (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. Bhuvi 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. 3000/- (Rs. Three Thousands 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, 23 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. Bhuvi Kant, Director, Sardar Singh Mudgil, 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:

<u>Year</u>	<u>Location</u>	<u>Date</u>	<u>Time</u>	<u>Type</u>	<u>No. of Special Resoution</u>
2007-08	Panchyat Ghar, P O Durgapur, Distt. Shimla, Himachal Pradesh	27.09.2008	11.00 A.M.	A.G.M.	01
2008-09	Same as above	30.06.2009	10.00 A.M.	E.G.M.	01
2008-09	Same as above	22.09.2009	10.00 A.M.	A.G.M	Nil
2009-10	Same as above	25.09.2010	10.00 A.M.	A.G.M	Nil

Note:

Postal Ballot:

Voting Pattern and Procedure for Postal Ballot:

- The Board of directors of the Company had at its meeting held on 20th May 2010, appointed Mr. Ashish Kumar Friends, a practicing company secretary as the Scrutinizer for conducting the Postal Ballot voting Process.
- The Company had completed on 21st May 2010, the dispatch of postal ballot forms along with prepaid business reply envelopes to its members.
- Particulars of the postal ballot forms received from the members had been entered in a register separately maintained for this purpose.
- The postal Ballot forms had been kept under safe custody in sealed postal ballot boxes before commencement of scrutiny.
- All postal ballot forms received upto the close of working hours on 21st June 2010, the last date fixed for receipt of the postal ballot forms had been considered in scrutiny.
- The results of the Postal Ballot were announced on 22nd June 2010 at the Registered Office of the Company.

The summary of the Postal Ballot Resolution is as given below:

S. No.	Particulars	:	Resolution No. 1	Resolution No. 2
1.	Total number of Ballot Forms received	:	8	8
2.	Total number of Invalid Ballot Forms received	:	1	1
3.	Total number of Members voting in favour of Resolution.	:	7	7
4.	Valid Votes in Favor of the Resolution	:	14393404	14393404
5.	Total number of shares held by Members voting Against the Resolution.	:	Nil	Nil

Accordingly, an 'Ordinary Resolution' u/s 293(1)(d) as set out in item No. 1 and the 'Special Resolution' u/s 372A as set out in item No. 2 of the Postal Ballot Notice dated on 20th May 2010, had been duly approved by the requisite majority of the Shareholders of the Company.

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 edition 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.seb_Hlt112651198i_Hlt112651198edifar.nic.in the website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website: www.sebi.gov.in.

Now after omission of clause 51 (i.e. EDIFAR) of the Listing Agreement, the Company posted the Financial results, Shareholding Pattern, Quarterly Governance Report etc through Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.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 : 24th September 2011 at 10.00 A.M.
Venue : Panchyat Ghar, P O Durgapur, Distt. Shimla, HP

- 10.2 Financial Calendar 2011-12** : Annual General Meeting (Next year) in the month of September, 2012.
(Tentative)

Quarterly Results

Results for the quarter ending 30th June 2011 - Second week of August'2011
Results for the quarter ending 30th September 2011 -Second week of Nov.'2011
Results for the quarter ending 31st December 2011 -Second week of Feb.'2012
Results for the year ending 31st March 2012 -Second week of May'2012

- 10.3 Book Closure date** : 21st September to 23rd Sept. 2011 (Both days Inclusive)

- 10.4 Dividend** : No dividend has been declared for the Financial Year 2010-11;