

# **17<sup>th</sup> Annual Report 2000-2001**

Report  Junction.com



## **Royal Airways Limited**

### **Board of Directors**

Mr. A. K. Gupta

Mr. Atul Sharma

Mr. B. S. Kansagra

Mr. D. K. Babbar

Mr. Kishore Gupta

Mr. Mansukhlal Kotecha

Mr. R. S. Kansagra

Mr. Siddhanta Sharma (Chairman)

Mr. Vijay Kumar Gupta

Mr. Anup Trehan (alternate to Mr. B. S. Kansagra)

Mr. Baljit Sobti (alternate to Mr. R. S. Kansagra)

### **Company Secretary & Compliance Officer**

Mr. A. K. Maheshwary

### **Statutory Auditors**

S. R. Batliboi & Associates  
Chartered Accountants  
E & Y Towers  
B-26, Qutub Institutional Area  
New Delhi - 110016

### **Registrars & Share Transfer Agents**

Karvy Consultants Limited  
Karvy House, 46, Avenue  
4, Street no. 1, Banjara Hills  
Hyderabad-500034

### **Banker**

The Hongkong & Shanghai  
Banking Corporation Ltd.  
ECE House,  
Kasturba Gandhi Marg  
New Delhi

### **Registered Office**

Mezzanine Floor,  
Mercantile House,  
15, Kasturba Gandhi Marg,  
New Delhi - 110001

# Contents

---

<b>Particulars</b>	<b>Page No.</b>
Notice	1
Directors' Report	8
Auditors' Report	12
Balance Sheet	17
Profit & Loss Account	18
Schedules	19
Balance Sheet Abstract	36
Cashflow Statement	37



**ROYAL AIRWAYS LIMITED****ROYAL AIRWAYS LIMITED**

Registered Office: Mercantile House, 15, Kasturba Gandhi Marg,  
New Delhi - 110001

**NOTICE**

*Notice is hereby given that the 17th Annual General Meeting of the members of Royal Airways Limited will be held on Thursday, the 18th day of April 2002 at Air Force Auditorium, Subroto Park, New Delhi - 110010 at 11:00 a.m. to transact the following business :*

**Ordinary Business**

1. To consider and adopt the Balance Sheet as at 31st May 2001, Profit and Loss Account for the year ended on that date and the Reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Shri A. K. Gupta, who retires by rotation and is eligible for re-appointment.
3. To appoint a Director in place of Shri D. K. Babbar, who retires by rotation and is eligible for re-appointment.
4. To appoint a Director in place of Shri R. S. Kansagra, who retires by rotation and is eligible for re-appointment.
5. To appoint M/s S R Batliboi & Associates, Chartered Accountants, as the Auditors of the Company, who shall hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to fix their remuneration.

**Special Business**

6. To adopt the result of Postal Ballot in respect of Special Resolution for amendment in main Object Clause of Memorandum of Association of the Company as stated below:

To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED** that in accordance with the provisions of Section 17 of the Companies Act, 1956, the Memorandum of Association of the Company be and is hereby altered by substituting sub-clauses '1 to 7' of Part A of Clause III of the Memorandum of Association with the following new sub-clauses '1 to 10':

1. To operate air support services to meet the requirement of public as well as private sector which would include services by Aeroplanes and/or Helicopters and such other transport services in India and abroad as may be approved by the Government of India or such other competent authority.
2. To operate scheduled/non-scheduled and transport services by Aeroplanes and/or Helicopters to inaccessible areas and difficult terrains and to provide intra-city transportation for the carriage of passengers, mail and freight.
3. To operate Tourist Charters by Aeroplanes and/or Helicopters and to undertake any other operations that may be directed/requisitioned by the Government.
4. To organise, run, maintain, take on lease, purchase, sell, exchange, promote, establish, manage, acquire, operate, take on hire, airlines, aircraft, charters of aircraft, carrier of goods and passenger.

**ROYAL AIRWAYS LIMITED**

5. (i) To operate any air transport services or flight by Aeroplanes and/or Helicopters for a commercial or other purpose and to carry out all forms of aerial flights in different cities as may become necessary.
- (ii) To provide pleasure/ leisure rides in air with a view to promote air-mindedness in the country.
6. To establish, provide, maintain and conduct research and other laboratories, training colleges, schools and other institutions for the training, education and instruction of students and others who may desire to avail themselves of the same and to provide for the delivery and holding of lectures, demonstrations, exhibitions, class meetings and conferences connected with Aeroplanes and/or Helicopters.
7. To provide or to do all or any of the activities relating to training, educating, imparting, coaching to students, technicians connected with Aeroplanes and/or Helicopters in all respects of aircraft maintenance, engineering, aircraft electronics and awarding diplomas to persons, employed or desirous of being employed either by the Company or by any other persons.
8. To plan, promote, develop, design, test, repair, maintain, assemble, import, buy, sell etc. on hire purchase, charter, altering, modifying, manufacturing of aeroplanes, helicopters, aero engine, air support equipment, air frames, components, parts, tools, equipment, accessories, air borne radio and to deal in aerial conveyance of all kinds and all kinds of machinery and other apparatus used or employed in connection therewith.
9. To carry on business as tourism agents and contractors and to facilitate travelling and to provide for tourists and travellers and promote the provision of conveniences of all kinds through tickets, circular tickets, sleeping cars or berths, reservations, hotels and lodging accommodation, guides, safe deposits, inquiry bureaus, libraries, lavatories, reading room, baggage transport and otherwise.
10. To carry on the business of transport, cartage and haulage contractors, garage, proprietors, owners and charters of road vehicles, aircrafts, shops, tugs, barges and boats of every description, lighter men, carriers of goods and passengers by road, rail, water or air, Carmen, cartage contractors, stevedores, wharfingers, cargo superintendents, packers, hailers, warehousemen, store keepers and job masters.
7. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

**"RESOLVED** that pursuant to Section 94 (1) (e) and all other applicable provisions, if any of the Companies Act, 1956 ("the Act") and in accordance with Article 53 (c) of the Articles of Association of the Company, the authorised Share Capital of the Company be and is hereby diminished from Rs.2,500,000,000 divided into 145,077,500 equity shares of Rs.10 each, 86,000,000 Preference shares of Rs.10 each and 18,922,500 unclassified shares of Rs.10 each to Rs.1,450,775,000 divided into 145,077,500 equity shares of Rs.10 each by cancelling unallotted 86,000,000 Preference shares of Rs.10 each and 18,922,500 unclassified shares of Rs.10 each."

**RESOLVED** further that pursuant to Section 94 (1) (a) and other applicable provisions, if any, of the Companies Act, 1956, and in accordance with Article 48 of the Articles of Association of the Company, the Authorised Share Capital of the Company be and is hereby increased from Rs.1,450,775,000 divided into 145,077,500 equity shares of Rs.10 each to Rs. 2,500,000,000 divided into 250,000,000 equity shares of Rs.10 each

**ROYAL AIRWAYS LIMITED**

**RESOLVED** further that pursuant to Section 94 and other applicable provisions, if any, of the Companies Act, 1956, the existing Clause V of the Memorandum of Association of the Company be substituted with the following new Clause V :

The Authorised Share Capital of the Company is Rs. 2,500,000,000 (Rupees Two Hundred and Fifty Crores) divided into 250,000,000 (Twenty Five Crores) equity shares of Rs. 10 each. The Company shall have the power to increase or reduce the capital of the Company and to divide/convert the share capital into several classes and to attach thereat respectively such preferential, qualified or special rights, privileges or conditions as may be determined by the Board of Directors in accordance with the Articles of Association of the Company and to vary, amalgamate or abrogate any such rights, privileges or conditions in such manner as may for the time being be provided by the Articles of Association of the Company.

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution** :

**“RESOLVED** that pursuant to Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the Articles of Association of the Company be and are hereby amended in the following manner:

- a) **Article 1** of the Articles of Association of the Company be and is hereby amended by inserting the following new clause at the end of the clause **“Record”**:

**“RHSL”** shall mean Royal Holdings Services Ltd., a Nevada Corporation.

- b) **Article 3** (a) of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 3 (a) with the following new Article:

The Authorised Share Capital of the Company is as specified in Clause V of the Memorandum of Association, with such rights, privileges and conditions attached thereto as may be provided by the Board of the Company from time to time, including but not limiting to classification of unclassified shares into equity and/ or preference shares with such attendant rights, privileges, conditions as may be determined by the Board.

The Company shall have the power to increase or reduce its capital and issue any shares as Equity or Preference shares and to divide/convert the share capital into several classes and attach to any class of such shares, any preference, qualified or special right, privileges or priorities in payment of dividends or distribution of assets or otherwise over any other shares subject to any restriction, limitation or condition, as may be determined by the Board of Directors. Whenever the capital by reason of the issue of preference shares or otherwise is divided into different classes of shares, all or any of the rights and privileges may be varied, modified, commuted, affected or abrogated in a manner as provided in these Articles.

- c) **Article 8** of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 8 with the following new Article:

Subject to Article 3 and Section 80 of the Act, the Company may issue Preference Shares which are, or at the option of the Company, are, liable to be redeemed on such terms and in such manner as the Company may determine, and in particular, such shares may be issued with a preferential or qualified right to dividends/voting rights and in the distribution of the assets of the Company provided that Preference Shares may also be issued on the terms that they are convertible into Equity Shares or at the option of the Company, liable to be redeemed and on such terms and conditions of redemption as may be prescribed, subject to the further condition that shares (Equity

**ROYAL AIRWAYS LIMITED**

and/ or Preference) so issued shall not have the effect of reducing voting rights of RHSL in the Company to below 51% and if such a situation be foreseen, then shares shall be first offered to RHSL to ensure that RHSL shall not at any time own less than fifty-one percent (51%) of the total issued and outstanding shares of the Company and it continues to enjoy no less than 51% voting rights in the Company.

- d) **Article 48** of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 48 with the following new Article :

The Company may from time to time in general meeting by an ordinary resolution, in accordance with the provisions of section 94 of the Companies Act, 1956, alter the conditions of its Memorandum by increase of Authorised Share Capital by creation of new shares of such amount as it thinks expedient.

- e) **Article 49** of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 49 with the following new Article:

Notwithstanding anything contained in the Articles of Association, the Company may from time to time, in General Meeting by an ordinary resolution, increase its Capital upon such terms and conditions and with such rights and privileges annexed thereto as by the general meeting issuing the same shall so direct, and if no directions be given, as the Board of Directors shall determine.

- f) **Article 81** of the Articles of Association of the Company be and is hereby amended by substituting the Article 81 with the following new Article:

At every Annual General Meeting of the Company there shall be laid on the table, the Directors report, audited statement of accounts and auditors report (if circulated with the Notice of Annual General Meeting), the proxy register with the proxies and the Register of Directors' holding mentioned under section 307 of the Act. The Auditors' Report (if circulated as above) shall be read before the Company in general meeting and shall be open to inspection by any member of the Company.

- g) **Article 83** of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 83 with the following new Article:

The books containing the minutes of the proceedings of General Meetings of the Company shall be kept at the office of the Company and be open to the inspection of any members as prescribed under Section 196 of the Act, provided however, that not more than two hours shall be allowed for inspection on any working day and members desirous of inspection must give at least 7 (seven) days advance notice to the Company in this behalf.

- h) **Article 109** - The following new para be and is hereby inserted after the existing Article 109 of the Articles of Association of the Company:

Subject to the Article 97 and compliance with applicable requirements of law, rules and regulations, RHSL shall at all times, have the right to nominate four (4) Nominee Directors as its representatives on the Board of Directors of the Company who shall not be liable to retire by rotation subject to the provisions of Section 255 of the Act. The Directors nominated by RHSL shall have full voting rights and shall be appointed by the Company for a term of not less than two (2) years as may be prescribed by RHSL and shall be subject to removal by RHSL.

- i) **Article 110** of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 110 with the following new Article:



**ROYAL AIRWAYS LIMITED**

The Directors may meet together as a board for the disposal of business from time to time, and shall so meet at least once in every three (3) months and at least four (4) such meetings shall be held in every calendar year. The Board of Directors may adjourn and otherwise regulate their meetings as they think fit.

Notice of every Board meeting together with the agenda of the business to be transacted thereat shall be given by Company Secretary of the Company. In case Company Secretary fails to send notice for any reason whatsoever or in his/her absence, Nominee Director(s) of RHSL shall be at liberty to send the notice of the Board meeting.

Written notice of every meeting of the Board shall be given at least clear 7 (seven) days in advance, unless the majority of Directors agree to hold such at a shorter notice thereof, to every director and his alternate, at his usual address or such other address as may have been expressly notified by him, whether in or outside in India. In the case of a director residing outside India, the notice shall be given simultaneously by airmail and/ or e-mail, if any, provided by such Director. Provided that where an alternate Director has been appointed it shall be sufficient for purposes of this Article to send notice to obtain the consent of, or such alternate Director only.

- j) **Article 122** (1) of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 122 (1) with the following new Article:

The Board of Directors may appoint a Company Secretary and/or a consultant and/or advisor on such terms, at such remuneration and upon such conditions as the Board of Directors may think fit and the Company Secretary and/ or a consultant and/or advisor so appointed may be removed by the Board of Directors or under the authority of the Board of Directors.

- k) **Article 141** of the Articles of Association of the Company be and is hereby amended by substituting the existing Article 141 with the following new Article:

The Board of Directors shall lay before each Annual General Meeting, a duly authenticated Balance Sheet and Profit and Loss Account alongwith its report made up in accordance with the provisions of Article 144.

However, the Board shall comply with the requirements of Section 166 of the Companies Act, 1956 and hold the Annual General Meeting as required notwithstanding finalisation of Balance Sheet and Profit and Loss Account.

By Order of the Board of Directors

**A. K. Maheshwary**  
Company Secretary

Place: New Delhi  
Dated: 15.02.2002



**ROYAL AIRWAYS LIMITED**

---

**NOTES :**

1. Explanatory Statement, pursuant to Section 173(2) of the Companies Act, 1956, in respect of business under item nos. 6 to 8, is annexed hereto.
2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. However, the instrument appointing proxy should be deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting.**
3. **Resolution at serial no. 6 requires consent of the members through postal ballot. Postal Ballot Form alongwith self addressed envelope is attached with the Notice. Result of the Postal Ballot Poll for resolution at serial no. 6 shall be declared and adopted at the 17th Annual General Meeting.**
4. Members/ Proxies should fill the Attendance Slip for attending the meeting.
5. The Register of Members and Transfer Books of the Company shall remain closed from 15.04.2002 to 18.04.2002, both days inclusive.
6. All documents referred to in the accompanying Notice and Explanatory Statement are open for inspection at the Registered Office of the Company during office hours on all working days, except holidays, between 11:00 a.m. and 1:00 p.m. upto the date of the 17th Annual General Meeting.
7. Members desiring any information as regards the Accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the Meeting.
8. Members are requested to bring their copy of Annual Report in the Meeting.
9. **Self adhesive stickers bearing new name of the Company are attached with this Annual Report. Members are requested to affix the same at the top of Share Certificate. Incase of shares held in electronic (dematerialised) mode, kindly ignore the same.**

**Explanatory Statement under Section 173(2) of the Companies Act, 1956**

The Explanatory Statement for item Nos. 6 to 8 of the accompanying Notice set out hereinabove is as under.

**Item No.6**

While approving the change of name from Modiluft Limited to Royal Airways Limited on 09.01.2002, the Registrar of Companies (NCT of Delhi & Haryana) vide letter no.ROC/21/55-17509/89 dated 18.01.2002 advised the Company to amend its Main Objects Clause and bring them in consonance with the airline operation business being carried out by the Company. According to Section 17 of the Companies Act, 1956, amendments in Object Clause requires approval of the members by special resolution.

Further as per the requirement of Section 192A of the Companies Act, 1956, amendments in the Object Clause of the Memorandum of Association of a Company are to be carried out through Postal Ballot. Necessary Postal Ballot Form alongwith self addressed envelope is attached with the Notice.

The Directors therefore recommend the resolution for your approval.

None of the directors of the Company are interested in the resolution.

**Item No. 7**

The existing preference shares and unclassified shares are not being issued and allotted. The Board of Directors has decided to diminish the unallotted preference shares and unclassified shares and correspondingly increase

**ROYAL AIRWAYS LIMITED**

the Capital by creating equity shares. Therefore, Clause V of the Memorandum of Association is proposed to be amended to comprise of 250,000,000 equity shares of Rs. 10 each aggregating Rs.2,500,000,000. As per existing Article 48 of the Articles of Association of the Company, this item requires approval of the members by special resolution.

The Directors therefore recommend the resolution for your approval.

None of the directors of the Company are interested in the resolution.

**Item No. 8**

The current amendments in the Articles of Association of the Company are being proposed to bring the Articles in consonance with the rights and privileges given to Royal Holdings Services Ltd. as per the Cumulative Redeemable Convertible Preference Shares purchase agreement dated 23.01.2001 and also for other operational expediency.

According to Section 31 of the Companies Act, 1956, amendments in the Articles of Association of the Company requires approval of the members by special resolution.

The Directors therefore recommend the resolution for your approval.

None of the directors of the Company are interested in the resolution.

By Order of the Board of Directors

**A. K. Maheshwary**  
Company Secretary

Report  junction.com

Place: New Delhi  
Dated: 15.02.2002