

**Sixteenth Annual Report
2008-2009**



JAGSON AIRLINES LIMITED

Certified True Copy
JAGSON AIRLINES LIMITED

R.P. Gupta
Company Secretary

JAGSON AIRLINES LIMITED
Sixteenth Annual Report 2008-2009

BOARD OF DIRECTORS	Mr. Jagdish Pershad Gupta Ms. Ravinder Hora Mr. Bhuvi 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	11rd 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	

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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.

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 Ended <u>March 2009</u>	Year Ended <u>March 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. 08st 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)	
	<u>31.03.2009</u>	<u>31.03.2008</u>
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 Chandrá 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:-

- 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. 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. 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:

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.

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 : 22nd 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
(Tentative) September, 2010

Quarterly Results

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

10.6 (i) Distribution of shareholding as on 31st March, 2009

Shareholding of Value of Rs.	Shareholders		Shareholdings		
	No.	% to Total	Shares	Amount	% to Total
Upto 5,000	14103	91.73	2623910	26239100.00	13.01
5,001 To 10,000	772	5.02	640665	6406650.00	3.18
10,001 To 20,000	256	1.67	398786	3987860.00	1.98
20,001 To 30,000	69	0.45	181533	1815330.00	0.90
30,001 To 40,000	30	0.20	106917	1069170.00	0.53
40,001 To 50,000	49	0.32	236281	2362810.00	1.17
50,001 and above	44	0.29	332839	3328390.00	1.65
Above 1,00,000	51	0.33	15648049	156480490.00	77.58
Total	15374	100.00	20168980	201689800.00	100.00

(ii) Shareholding Pattern as on 31st March 2009

Category	%age
(A) Promoter's Category:	
1. Individual/ HUF	02.18 %
2. Body Corporate	69.35 %
(B) Non-Promoter's Category:	
1. Indian Public	23.96 %
2. International Investors	02.07 %
3. Bodies Corporate	02.44 %

10.7 Liquidity

Company's Shares are traded on Delhi/Mumbai Stock Exchanges. Relevant data for the monthly High & Low price on the Bombay Stock Exchange during the financial year 2008-09 is given below:

Month	High (Rs.)	Low (Rs.)
April 2008	23.45	18.80
May 2008	21.45	19.65
June 2008	20.65	15.15
July 2008	18.30	14.50
August 2008	17.65	16.10
September 2008	9.50	10.00
October 2008	9.79	10.47
November 2008	8.90	7.78
December 2008	9.90	7.74
January 2009	9.94	10.08
February 2009	8.34	6.49
March 2009	6.92	5.90

10.8 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 Private Ltd.

After appointment of M/s RCMC Share Registry Private 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 Share Registry Private Ltd. on daily basis to avoid any delay in transfer.

10.9 Dematerialisation of shares : 90.98 % of the Shares issued by the Company have been dematerialised upto 31st March 2009.

10.10 Address for Investor Correspondence :

- For transfer/dematerialisation of Shares RCMC Share Registry P. Ltd.
B-106, Sector-2,
Noida-201301,
Uttar Pradesh
- 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.

For & on behalf of the Board
For JAGSON AIRLINES LIMITED

Place : New Delhi
Date : 25th August, 2009

Sd/-
Jagdish P. Gupta
Chairman

MANAGEMENT DISCUSSION & ANALYSIS

INDUSTRY STRUCTURE & DEVELOPMENT

India is one of the fastest growing markets in the world. Our Company is engaged in the aviation industry mainly in the field of Passenger. The civil aviation sector has played an important role in India's economy. It provides fast and reliable mode of transport across the Globe and is particularly important for many areas / places which are not still connected by Rail or Road. With increasing globalisation, this sector will play a more significant role in integrating the Indian economy with the rest of the world.

The scene has changed drastically. The Indian middle class consumer is now dazzled by an array of airlines offering lower fares and new aircraft and striving for better services. The increase in demand for air transport depends on a number of factors, which include rate of growth of the economy and fall in real prices of air services. The Airlines operate at competitive margins. The utilization of capacity becomes another important factor for determining the viability of air operators. The Air Transport plays its role in accordance with its comparative advantage and it is necessary to remove the bottlenecks effecting the Aviation Sector.

Fuel is the largest component of cost of Airline Sector. Domestic Air Travel has turned costlier for Passengers in India. The recent wave of Air Fare hikes happened with Indian Oil increasing aviation turbine fuel prices. The fare hikes in many routes, even though the pricing of Aviation Turbine Fuel (ATF) is now on import parity basis, the rate applicable for domestic operations continue to be significantly higher than that of international operations. The high ATF cost for domestic air transport increases the cost of operation and makes it unlivable even in areas where it has comparative advantage over other modes of transport. Any hike in aviation turbine fuel prices immediately impacts airline operations.

OPPORTUNITIES

Presently the Company is having Three Dornier 228 Aircrafts and one Chetak Helicopter at its disposal. Company also has at its disposal 2 Nos. MI-172 Helicopters 26 Seators. At present Shimla, Kullu routes are available. The Company is also assigned some special duties by the State and Central Governments which helps the revenue of the Company. 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.

CHALLENGE & COMPETITION

Jagson Airlines Limited faces normal market competition from Public sector Airlines. The Public Sector Airlines Companies are taking advantage of network in whole country and the benefits available from the Government.

However, Jagson Airlines Limited (on the basis of services to customers and a Private Sector Airlines under open scheme) is running its operation while various other small Air Taxi Operators had been perished in last few years.

Company is also facing challenges and competition from new entrance from Private Sector, who may introduce Aircrafts with bigger capacities. However Company is gearing up its operation to deal with the risks involved in this Sector.

INTERNAL CONTROLS

Company had set up adequate system of Internal Control of to ensure safety of its property assets, and protection against unauthorised use and loss from pilfration of stores and spares which is the backbone of our airlines operations.

Internal control system is followed by extensive internal audits, policies procedures and guidelines. Internal control systems are adequate keeping in view size and operation of the company.

ENERGY CONSERVATION

Company is paying full attention for conserving of fuel and its utilisation rate in the aircrafts. Consumption rate of fuel in aircrafts are maintained near to rates prescribed by manufacturers of aircraft and prevailing for aircrafts flown worldwide.

FOREIGN EXCHANGE EARNED

During the period under review, your Company has not earned Foreign Exchange.

HUMAN RESOURCES

Industrial Relations were cordial & peaceful during the year. The Directors wish to place on record the contribution and cooperation made by all Employees to deal with a difficult period, its Customers and other Persons, Institutions for making their favorable support associated with the Company had passed through last year.

CAUTIONARY STATEMENT

Statements made in Management Discussion and Analysis stating Company's projection estimate may please be read as statements made within applicable Laws and Regulations and actual results may differ from those expressed. The actual results depends on different factors like prevailing economic situation in world economy and its impact on Indian Economy, Inflation, Government Policies, Market and Supply Conditions, Tax Laws & other Statutes, which may be applicable from time to time.

For & on behalf of the Board
For JAGSON AIRLINES LIMITED

Sd/-
Jagdish P. Gupta
Chairman

Place : New Delhi
Date : 25th August, 2009

CERTIFICATE OF MANAGING DIRECTOR ON CODE OF CONDUCT

To,
The Members

It is hereby certified that:

(a) the Board of Directors of the Company has laid down a comprehensive Code of Conduct for its members and senior management personnel.

(b) the affirmation of compliance of code of conduct for the year 2008-09 has been received from all the Board members and senior management personnel.

For JAGSON AIRLINES LIMITED

Place : New Delhi
Date : 25.08.2009

Sd/-
Jagdish P. Gupta
Chairman cum Managing Director

**AUDITORS CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF
CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT (S)**

**To
The Members of Jagson Airlines Limited :**

1. We have examined the compliance of conditions of Corporate Governance by Jagson Airlines Limited for the year ended on 31st March, 2009 as stipulated in clause 49 of the Listing Agreement of the said Company with the stock exchanges in India.
2. The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation(s) thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.
4. We state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Investors' Grievance Committee.
5. We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which management has conducted the affairs of the company.

For Sanjay Kailash & Associates
Chartered Accountants

Place : New Delhi
Date : 27.06.2009

Sd/-
(Sanjay Mehra)
Prop
Membership No. 91866

AUDITORS' REPORT

To

The Members of Jagson Airlines Limited

1. We have audited the attached Balance Sheet of Jagson Airlines Limited., as at 31st March, 2009, the Profit and Loss account and also the Cash Flow Statement of the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003, as amended by the Companies (Auditors' Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii) in our opinion proper books of accounts as required by law have been kept by the company so far as appears from our examination of those books;
 - iii) the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - iv) in our opinion, the Balance Sheet, Profit and Loss account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 to the extent applicable;
 - v) on the basis of written representations received from the Directors and taken on record by the Board of Directors, we report that none of the Directors is disqualified as on 31st March, 2009 from being appointed as a Director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi) During this year Interest paid on term loan taken for purchase of Helicopters have been treated as revenue expenses which were earlier been capitalised into the cost of Helicopter.
 - vii) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto, give the information required by the Companies Act, 1956; in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India;
 - a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2009.
 - b) in the case of the Profit and Loss Account, of the Loss for the year ended on that date; and
 - c) in the case of the Cash Flow Statement, of the Cash Flows for the year ended on that date.

For Sanjay Kailash & Associates
Chartered Accountants

Sd/-
(Sanjay Mehra)

Prop.

Membership No. 91866

Place : New Delhi

Date : 27.06.09

Annexure to Auditors' Report

Referred to in paragraph 3 of our report of even date

- i) a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- ii) a) The inventory consisting of Aircraft & Helicopter spare parts, flight equipments and other miscellaneous items has been physically verified during year by the management. In our opinion, the frequency of verification is reasonable.
- b) The procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
- c) The company is maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory as compared to the book records were not material.
- iii) a) The Company has not granted any loans, secured or unsecured to Companies/firms or other parties as covered in the register maintained under Section 301 of the Companies Act 1956. Accordingly, Clause 4 (iii) (b) to (d) of the order are not applicable.
- b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly clause 4 (iii) (f) to (g) of the order are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there are adequate internal control

procedures commensurate with the size of the company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of tickets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.

- v) a) In our opinion and according to the information and explanations given to us, the particulars of contracts or arrangements referred to in section 301 of the Act have been entered in the register required to be maintained under that section.
- b) In our opinion and according to the information and explanations given to us the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees Five Lakhs in respect of any party during the year, have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- vi) The company has not accepted any deposits from the public in terms of the provisions of section 58A and Section 58AA of the companies act, 1956 and the rules frames thereunder. No order has been passed by the Company Law Board.
- vii) In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- viii) The Central Government has not prescribed the maintenance of cost records by the company in terms of section 209(1) (d) of the Companies Act, 1956 .
- ix) a) According to the information and explanation given to us, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, income tax, sales tax, wealth tax, custom duty, excise duty, cess and other material statutory dues applicable to it. And there is no arrears at the year end.
- b) According to the information and explanation given to us, no undisputed amounts payable in respect of income tax, wealth tax, sales tax, customs-duty, excise duty and cess were in arrears, as at 31st March, 2009 for a period of more than six months from the date they became payable.
- c) According to the information and explanation given to us there are no disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty and cess, which are required to be deposited with the appropriate authorities.
- x) The company has an accumulated loss of Rs.3812 Lacs as at 31st March 2009 and it has incurred a cash loss of Rs.29.56 Lacs in the financial year ended on that date.
- xi) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of dues to bank(s). The company has not borrowed any funds from financial institution and by issue of debentures.
- xii) The company has not granted any loans and advances on the basis of security by the way of pledge of shares, debentures and other securities and hence we have no comments to offer in respect of clause 4 (xii) of the Companies (Auditor's Report) Order, 2003.
- xiii) In our opinion, the Company is not a chit fund or a nidhi mutual benefit fund / society. Therefore, the provisions of clauses 4(xiii) of the Companies (Auditor's Report) order, 2003 are not applicable to the Company.
- xiv) In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xv) In our opinion and according to the information and explanations given to us, the company has not given any guarantees for loans taken by others from banks or financial institutions and hence we have no comments to offer in respect of clause 4(xv) of the Companies (Auditor's Report) Order, 2003.
- xvi) In our opinion, the term loans have been applied for the purpose for which they were raised.
- xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we report that no funds raised on short term basis have been used for long-term investment(s). No long-term funds have been used to finance short-term assets.
- xviii) The company has not issued any debentures duering the year nor there is any outstanding as on 31st March, 2009 and hence we have no comments to offer in respect of cluse 4 (xix) of the Companies (Auditiro's Report) Order, 2003.
- xix) The company has not raised money by public issues in the recent past and hence we have no comments to offer in respect of clause 4 (xx) of the Companies (Auditor's Report) Order, 2003.
- xx) According to the information and explanation given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For Sanjay Kailash & Associates
Chartered Accountants

Sd/-

(Sanjay Mehra)

Prop.

Membership No. 91866

Place : New Delhi
Date : 27.06.2009

BALANCE SHEET AS AT 31st MARCH 2009

<u>SOURCE OF FUNDS:</u>	SCHEDULE	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
Shareholder's Funds:			
Share Capital	1	201689800	201689800
Reserves and Surplus	2	96265196	109575393
Loan Funds:			
Secured Loan	3	135357032	165989207
Unsecured Loan		—	—
		<u>433312028</u>	<u>477254400</u>
APPLICATION OF FUNDS:			
Fixed Assets			
Gross Block	4	511118763	492338788
Less : Depreciation		98742192	71897337
Net Block		<u>412376572</u>	<u>420441451</u>
Investments	5	206450	206450
Current Assets, Loans and Advances:			
— Interest accrued on deposits	6	7784688	7115693
— Inventories		7804211	8934720
— Sundry Debtors		71465137	58971087
— Cash and Bank Balances		32060619	6484979
— Loans and Advances		11867081	14587674
		<u>130981736</u>	<u>96094153</u>
Less :Current Liabilities and Provisions	7	<u>240442149</u>	<u>131502582</u>
Net Current Assets		(109460413)	(35408429)
Defferd Current Tax Assets/(Liabilities)		(88548438)	(74370122)
Miscellaneous Expenditure	8	44185275	49458768
(To the extent not written off or adjusted)			
Profit & Loss A/C	9	174552582	116926282
NOTES TO ACCOUNTS			
TOTAL (in Rs.)	16	<u>433312028</u>	<u>477254400</u>

As per our report of even
date attached

for **Sanjay Kailash & Associates**

Chartered Accountants

Sd/-

(Sanjay Mehra)

Proprietier

Membership No. 91866

Sd/-

Jagdish P. Gupta

Chairman

Sd/-

Ravinder Hora

Director

Certified True Copy
JAGSON AIRLINES LIMITED

Sd/-
Company Secretary

R.P. Gupta

Company Secretary

Annual Report 2008-2009

Place : New Delhi

Dated : 27.06.09

JAGSON AIRLINES LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31.03.2009

	SCHEDULE	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>INCOME:</u>			
Operating Revenue	10	72146866	141827405
Other Income	11	3439485	8347639
TOTAL (Rs.)		75586351	150175044
<u>EXPENDITURE:</u>			
Operating Cost	12	19332106	75861283
Salaries & Other Benefits	13	32815015	33019029
Administrative and Other expenses	14	27382917	42127123
Financial Charges	15	20344163	2097225
Miscellaneous Expenses written off	—	5273493	6041447
TOTAL (Rs.)		105147693	159146107
Profit/ (Loss) before Depreciation taxation & other adjustments		(29561342)	(8971063)
Depreciation	4	26844854	25614382
Profit/ (Loss) before taxation & other adjustments		(56406196)	(34585445)
Add/(Less) Provision For Deferred Tax		(14178316)	(26573202)
Less :Provision for FBT		(351985)	(599578)
Profit/(Loss) after Taxation carried to Balance Sheet		(70936497)	(61758225)

As per our report of even date attached

for **Sanjay Kailash & Associates**

Chartered Accountants

Sd/-

(Sanjay Mehra)

Proprietor

Membership No. 91866

Sd/-

Jagdish P. Gupta

Chairman

Sd/-

Ravinder Hora

Director

Place : New Delhi

Dated : 27.06.09

Certified True Copy
JAGSON AIRLINES LIMITED

Sd/-
Company Secretary

SCHEDULE : 1

AUTHORISED	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
5,00,00,000 (Previous year 5,00,00,000)		
Equity Shares of Rs.10/- each	500000000	500000000
Issued, Subscribed and Paid-up		
20168980 (Previous years, 2,01,68,980)		
Equity Shares of Rs.10/- each fully paid		
Opening Balance	201689800	106472000
Add : Share Issued	—	95217800
	201689800	201689800
TOTAL (in Rs.)	201689800	201689800

SCHEDULE : 2

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
RESERVES AND SURPLUS		
Surplus in Profit & Loss A/c		
Opening Balance	13310197	13310197
ADD: Share Premium Amount	96265196	96265196
Less : Profit Trfd to Profit and Loss A/c	(13310197)	—
	96265196	109575393
TOTAL (in Rs.)	96265196	109575393

SCHEDULE : 3

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SECURED LOAN:		
Loan From Banks	135357032	165989207
(Secured against Investments in Mutual Funds, FDRs & hypothecation of Helicopter & Vehicles)	135357032	165989207

SCHEDULE : 4

FIXED ASSETS

PARTICULARS	GROSS BLOCK				DEPRECIATION			NET BLOCK		
	As on 31.3.2008	Additions During the Year	Transfer Adjust./ During the Year	As on 31.3.2009	As at 31.3.2008	For the period	ADJ.	As at 31.3.2009	As at 31.3.2009	As at 31.3.2008
Plant & Machinery	24982407	—	—	24982407	10901787	1186664	—	12088451	12893956	14080620
Aircraft	73461252	203619	21716	73643155	20836428	4125233	—	24961661	48681494	52624824
Helicopter	370670984	18588820	—	389259804	36733549	20760427	—	57493977	331765827	333937435
Furniture & Fixture	4716433	—	—	4716433	1020698	298550	—	1319248	3397185	3695735
Vehicle	2908005	—	—	2908005	1141938	276260	—	1418198	1489807	1766067
Office Equipment	3786918	9252	—	3796170	904694	168170	—	1072864	2723306	2882224
Office Bldg. - Shimla	1812789	—	—	1812789	358243	29548	—	387791	1424998	1454546
Goodwill	10000000	—	—	10000000	—	—	—	—	10000000	10000000
Grand Total (Rs.)	492338788	18801691	21716	511118763	71897337	26844854	—	98742192	412376572	420441451
Previous Year	465751045	35402270	8814527	492338788	48272783	25614382	1989828	71897337	420441451	—

SCHEDULE : 5

	<u>As at</u> <u>31.03.2009 (Rs.)</u>	<u>As at</u> <u>31.03.2008 (Rs.)</u>
<u>INVESTMENTS</u>		
<i>(Long Term, Non-Trade, Valued at Cost)</i>		
Quoted (Not ascertainable being not quoted)		
Jindal Vijay Nagar Steel Ltd.	20250	20250
— 8100 (Previous year 8100) Partly convertible debentures of Rs.20/- each (Rs.2.50 paid)		
Jindal Vijay Nagar Steel Ltd.	130200	130200
— 22800 (Previous year 22800) — 8100 Equity Shares - Rs.10/- fully paid, — 6600 Equity Shares - Rs.5/- paid up and — 8100 Equity Shares - Rs.2/- paid up)		
Kuber Auto General Finance & Leasing Ltd.	56000	56000
— 5600 (Previous year 5600) Equity Shares of Rs.10/- each fully paid		
TOTAL (in Rs.)	<u>206450</u>	<u>206450</u>
Aggregate amount of Quoted Investments	206450	206450
Aggregate amount of Investment in Mutual Fund	—	—
Market value of Quoted Investments (Not ascertainable being not quoted)	—	—
Net Asset value of Investment in Mutual Funds		

SCHEDULE : 6

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
CURRENT ASSETS, LOANS AND ADVANCES:		
(A) CURRENT ASSETS		
Interest accrued on FDR & ICD	<u>7784688</u>	<u>7115693</u>
INVENTORIES		
<i>(Valued at cost and as certified by the management)</i>		
Aircraft Stores & Spares	7804211	8934720
Stores & Spares (Helicopter)	<u>7804211</u>	<u>8934720</u>
Sundry Debtors		
<i>(Unsecured But Considered Good)</i>		
Outstanding for over six months	36344850	431739
Other debts	<u>35120287</u> 71465137	<u>58539348</u> 58971087
Cash and Bank Balances		
Cash in hand	859745	1177453
Balances with Scheduled Banks:		
— In Current Accounts	28056438	1079066
— In Deposit Accounts	<u>3144436</u>	<u>4228461</u>
	<u>32060619</u>	<u>6484979</u>
(B) LOANS AND ADVANCES		
<i>(Unsecured But Considered Good)</i>		
Advances recoverable in cash or in kind or for value to be received	6524819	8598008
Inter Corporate Deposit	3360922	3360922
Security and Other Deposits	<u>1981340</u> 11867081	<u>2628744</u> 14587674
TOTAL (Rs.) (A+B)	<u>130981736</u>	<u>96094153</u>

JAGSON AIRLINES LIMITED

SCHEDULE : 7

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>CURRENT LIABILITIES & PROVISIONS</u>		
A. Current Liabilities		
— Sundry Creditors	11800541	5673205
— Other Liabilities	15903856	3983991
Balance of Group Company	211750982	120611023
B. Provisions		
For Income Tax	—	—
— For Gratuity	634785	634785
— For FBT	351985	599578
TOTAL (in Rs.)	<u>240442149</u>	<u>131502582</u>

SCHEDULE : 8

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>MISCELLANEOUS EXPENDITURE</u>		
Pre-operative Expenses	48054694	49788164
Add : transfer during the year		3605940
Less : Written off during the year	4805469	43249225
		5339410
Deferred Revenue Exp	936050	1404074
TOTAL (in Rs.)	<u>44185275</u>	<u>49458768</u>

SCHEDULE : 9

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>PROFIT & LOSS A/C</u>		
Opening Balance	116926282	55168057
ADD: Loss During The Year	70936497	61758225
Less : Trfd from Reserves and surplus	(13310197)	—
TOTAL (in Rs.)	<u>174552582</u>	<u>116926282</u>

SCHEDULE : 10

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>OPERATIVE REVENUE</u>		
Passenger & Charter Revenue	72146866	140300161
Cancellation Charges	—	890064
Excess Baggage Revenue	—	637180
TOTAL (in Rs.)	<u>72146866</u>	<u>141827405</u>

SCHEDULE : 11

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
OTHER INCOME:		
Interest on Fixed Deposit	578255	611015
Interest on I.C.D.	353310	353310
Insurance Charges	—	—
Pilot/Crew Training Fee	2260190	175000
Miscellaneous Income	3124	519067
Foreign Ex. Fluctuation	3650	—
Loaning Charges Recd.	236000	87000
Dividend Recd	4956	2909310
Net Amt Written Back	—	3692937
TOTAL (in Rs.)	3439485	8347639

SCHEDULE : 12

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
OPERATING COST:		
Aviation Fuel and Oil	9763999	2017103
Aircraft & Engineering Maintenance	3516803	8700635
In-flight Expenses	1022566	488899
Landing, Parking, Servicing and other airport exp.	5028738	3076438
Pilot Consultancy Charges	—	2766076
Helicopter Operating Charges	—	58812132
TOTAL (in Rs.)	19332106	75861283

SCHEDULE : 13

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
SALARIES & OTHER BENEFITS:		
Salaries	30941834	28268379
Allowances & Reimbursement	1277470	3795502
Provident Fund & ESI	577711	860129
Gratuity	—	77019
Ex-Gratia & Leave Encashment	18000	18000
TOTAL (in Rs.)	32815015	33019029

JAGSON AIRLINES LIMITED**SCHEDULE : 14**

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>ADMINISTRATIVE EXPENSES</u>		
Conveyance Expenses	397036	1124615
Traveling Expenses & Hotel Expenses	5523699	9947802
Legal & Professional Exp. including Consultancy fee	4140509	3926298
Postage & Telegram	285353	521153
Rent	1304414	409012
Advertisement	594900	4748197
Printing & Stationery	570912	1222338
Staff Welfare	663523	681716
Telephone Expenses	924781	1777173
Electricity & Water Charges	421326	390922
Auditors Remuneration	56180	62360
Entertainment & Business Promotion	201727	582288
Inauguration & Operational exp.	2245283	1594555
Miscellaneous Expenses	4504447	1056064
Los on sale of asset	—	614700
Subscription & Membership	337073	688994
Listing fees & Share transfer expenses	90181	268179
Vehicle Running Expenses	613766	858241
Office Maintenance	1055779	3421736
Insurance Expenses	2742814	7357215
Commission on Sale of Ticket	1382	550964
Previous Year Adjustment A/c	707832	322601
TOTAL (in Rs.)	27382917	42127123

SCHEDULE : 15

	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
<u>FINANCIAL CHARGES</u>		
Bank Charges	644786	1650535
Interest A/C Term Loan MI 172	19503482	—
Interest on Loan	195894	446690
TOTAL (in Rs.)	20344163	2097225

SCHEDULE : 16

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

I. SIGNIFICANT ACCOUNTING POLICIES

a) Accounting Convention:

The financial statements are prepared under the historical cost convention. The company generally follows the mercantile system of accounting and recognizes income and expenditure on accrual basis except otherwise stated.

b) Revenue/Expenditure:

- I. Revenue from sale of tickets is recognized on the basis of actual booking
- II. Expenses are accounted for on accrual basis and provisions are made for all known Liabilities.
- III. During the year interest paid on term loan for purchase of helicopter have been treated as revenue expenses instead of being capitalized into the cost of Helicopter.

c) Fixed Assets and Depreciation

- I. Fixed Assets are stated at cost of acquisition less accumulated depreciation.
- II. Depreciation of Fixed Assets is provided on the Straight Line Method at the rates specified in Schedule XIV of the Companies Act, 1956 on prorata basis from the date of acquisition.

d) Long term Investments

Investments are accounted as per the prevailing accounting policy.

e) Miscellaneous Expenditure

Pre-operative Expenses are to be amortized over a period of 10 years.

f) Retirement Benefits

Gratuity wherever applicable is accounted for on accrual basis and leave encashment benefit is accounted for on accrual basis.

g) Foreign Currency Transactions

Transactions in Foreign Exchange are accounted for on the prevalent exchange rate on the date of transaction. Outstanding liability in foreign currency as on 31.3.2009 is shown at the exchange rate prevailing as on 31.3.2009

h) Deferred Revenue Expenses

Deferred revenue expenses are amortized over the life of the asset of the becoming operational/put to use.

II. NOTES TO ACCOUNTS

1. Contingent Liabilities

- i) Bank Guarantee of Rs. Nil (Previous Year 50000)
- 2. Balances of sundry debtors, sundry creditors, loans & advances payable or receivable are subject to confirmation from some of the parties.
- 3. The company does not owe any sum exceeding Rs. 1,00,000/- to Small Scale undertaking, which is outstanding for more than 30 days.
- 4. The Company has not provided for the diminution in the value of long-term strategic investments made, since in the opinion of the Board such diminution in their value is temporary in nature considering the nature of these investments.
- 5. Inter Corporate Deposit to the following Company is still outstanding though the Company has taken reasonable steps (Legal Action) for the recovery of the same.

S.No.	Name of the Company	Principal Amount as on 31.3.2009 Rs.	Interest accrued till 31.3.2009 Rs.	Total amount due till 31.3.2009 Rs.
i.	Premium International Finance Limited	33,60,922	73,19,003	1,06,79,925
6.	Auditors Remuneration	<u>31.3.2009</u> Rs.	<u>31.3.2008</u> Rs.	
	Audit Fee	35,000	35,000	
	Tax Audit Fee	15,000	15,000	
		<u>50,000</u>	<u>50,000</u>	

7. Related parties Disclosures

- (i) List of related Parties
Jagson International Limited.
- (ii) The relationship between both the companies is based on the fact that key managerial personnel Sh. J.P. Gupta Chairman of both Jagson International Ltd. and Jagson Airlines Ltd. is able to exercise significant influence.
- (iii) Transaction with related parties is an investment made by Jagson International Ltd. in shares of Jagson airlines ltd.
- (iv) Volume of Transaction

	Current year (Rs. in Thousand)	Previous year (Rs. in Thousand)
Other amount payable	1,95,471	1,11,406
(v) Outstanding balance as at 31st March 09 payable to Jagson International Ltd. is Rs19,54,71,277 (Previous year Rs. 11,14,05,905)		
(vi) No amount has been provided as doubtful debts, written off or written back in the year in respect of debts due to above related parties.		

8. Disclosure on lease Transaction

The company has taken two aircrafts on lease from Jagson International Limited at Rs.2,50,000/- each per month. The lease rent is to be paid till the aircraft is operated by the company. Since the Company had to incur heavy expenditure on maintenance of the aircrafts, the Jagson International Ltd. agreed not to charge lease rentals for the year.

9. Deferred Tax Assets /Liability

Deferred tax Assets/(liability) As at 1.04.2008 (7,43,70,122)	Deferred tax Assets/(liability) for the year (1,41,78,316)	Deferred tax Assets/(liability) As at 31.03.2009 (8,85,48,438)
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Company has provided deferred tax liability in accordance with Accounting Standard 22 "Accounting for Tax on Income". The management is of the view that sufficient future taxable income will be available against which such deferred tax assets can be realized.

10. Earning Per Share

Earning per share has been computed as under:

	2009 Rs.	2008 Rs.
a. Profit/ (Loss) after Taxation.	(70936497)	(116926282)
b. Number of Ordinary Share outstanding	20168980	20168980
c. Earnings per Share (Face Value -Rs 10. Per equity share)	(3.51)	(5.80)

11. Additional information required under paragraph 3 & 4 of Part II of Schedule VI of the Companies Act, 1956.

- a) Payment in Foreign Currency (Net of tax)

	31.3.2009 Rs.	31.3.2008 Rs.
Aircraft Stores & Spares	6,361	7,72,462
Helicopter Operating Charges	—	12,82,347

12. Previous year figures have been re-arranged/re-grouped/re-cast wherever it was necessary.

Signature to Schedule 1 to 15
for **Sanjay Kailash & Associates**
Chartered Accountants

Sd/-
(Sanjay Mehra)
Proprietor

Sd/-
Jagdish P. Gupta
Chairman

Sd/-
Ravinder Hora
Director

Membership No. 91866

Place : New Delhi
Dated : 27.06.09

Sd/-
Company Secretary

CASH FLOW STATEMENT FOR THE PERIOD ENDED AS ON MARCH 31st, 2009

PARTICULARS:	As at 31.03.2009 (Rs.)	As at 31.03.2008 (Rs.)
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit/(Loss) before tax & Extraordinary items	(56406196)	(34585445)
Net Adjustment for Depreciation	26844854	23624554
Miscellaneous Expenses written off	4805469	5339410
Operating Profit before Working Capital Changes	(24755873)	(5621481)
Adjustment for :		
Inventories	1130509	156931
Trade & Other Receivables	(10442452)	(9573975)
Trade Payables	123365476	(108556168)
Deferred Revenue expenses	468024	702037
Pre-Operative Expenses	0	(3605940)
Provisions	(247593)	(63739)
Cash Generated for operations	89518091	(126562335)
Cash flow before Extraordinary items		
Extraordinary items	(14530301)	(27172780)
Net Cash Generated from Operating Activities	74987790	(153735115)
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Net Purchase of Fixed Assets	(18779975)	(26587743)
Sale of Investments	0	18500000
Borrowings	(30632175)	(33222712)
Cash Flow from Investing Activities	(49412150)	(41310455)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/ (Decrease) in Share Capital	0	191482996
Dividend Paid	0	0
Net Cash Generated in Financing Activities	0	191482996
Net increase/ (Decrease) in Cash and		
Cash Equivalent (A+B+C)	25575640	(3562574)
Cash and Cash Equivalent as at the beginning of the year	6484979	10047553
Cash and Cash Equivalent as at the close of the year	32060619	6484979
	25575640	(3562574)

As per our report of even date attached

for Sanjay Kailash & Associates
Chartered Accountants

Sd/-
(Sanjay Mehra)
Proprietor
Membership No. 91866

Sd/-
Jagdish P. Gupta
Chairman

Sd/-
Ravinder Hora
Director

Place : New Delhi
Dated : 27.06.09

Certified True Copy
JAGSON AIRLINES LIMITED
R.P. Gupta
Company Secretary

Sd/-
Company Secretary

**BALANCE SHEET ABSTRACT & COMPANY
GENERAL BUSINESS PROFILE AS AT 31.03.2009**

PART IV

Amt. in 000

I. Registration Details	Registration No.:	19011	State Code	: 06
	Balance Sheet Date	: Day : 31st	Month : 03	Year : 2009
II. Capital raised during the year (Amount in Thousands)	Public Issue	: Nil	Right Issue	: Nil
	Bonus issue	: Nil	Private Placement	: Nil
III. Position of Mobilisation and Deployment of Funds (Amount in Thousands) Sources of Funds	Total Liabilities	: 464348	Total Assests	: 762303
	Paid-up Capital	: 201690	Reserves & Surplus	: 96265
	Secured Loans	: 135357	Unsecured Loans	: Nil
	Application of Funds			
	Net Fixed Assets	: 412376	Investments	: 206
	Net Current Assets	: (109460)	Misc. Expenditure	: 44185
	Accumulated losses	:		
Performance of Company (Rs. in Thousands)	Turnover	: 75586	Total Expenditure	: 105148
	Profits before Tax	: (70936)	Profit after tax	: (70936)
	Earning per share (Rs.)	: (3.51)	Dividend Rate %	: Nil
	* After previous year adjustment			
IV. Generic Name of Three Products/Services of the Company (As per monetary terms)	Item Code No. (ITC Code)	: 880230		
	Product Description	: Airline operation by Aeroplanes & Other Aircraft of unloaded weight exceeding 2000 kg but less than 15000 kgs.		

As per our report of even date attached

for **Sanjay Kailash & Associates**

Chartered Accountants

Sd/-
(Sanjay Mehra)
Prop.

Sd/-
Jagdish P. Gupta
Chairman

Sd/-
Ravinder Hora
Director

Place : New Delhi
Dated : 27.06.09

Sd/-
Company Secretary

JAGSON AIRLINES LIMITED

(Registered Office : 18B, SDA Complex, Kasumpti
Shimla, Himachal Pradesh-171009)

ATTENDANCE SLIP

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL.

Name and Address of Equity Shareholder (IN BLOCK LETTER): _____

Name and Address of the proxy (IN BLOCK LETTER, to be filled in, if the proxy attends instead of Member)

I hereby record my presence at the Annual General Meeting of the Company held at Panchayat Ghar, P.O. Durgapur. Distt. Shimla, Himachal Pradesh at 10.00 AM on Tuesday, 22nd September, 2009.

Registered Folio No. (Applicable only in case of shares held in physical form) _____

DP ID No. _____ Client Id No. _____

No. of Shares held _____

SIGNATURE OF THE SHAREHOLDERS/PROXY

(*Strike out which is not applicable)

JAGSON AIRLINES LIMITED

(Registered Office : 18B, SDA Complex, Kasumpti, Shimla, Himachal Pradesh-171009)

PROXY FORM

I/We _____ of _____ in the district of _____ being a Member/Members of the above mentioned Company hereby appoint _____ of _____ in the district of _____ as my/our Proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on Tuesday, the 22nd September, 2009 at Panchayat Ghar, P.O. Durgapur, Distt. Shimla, Himachal Pradesh at 10.00 A.M. and at any adjournment thereof

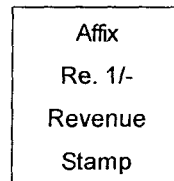
Signed this _____ day of _____ 2009.

Registered Folio No. (In case of shares held in physical form) _____

DP Id No. _____ Client Id No. _____

No. of Shares Held _____

Signature _____



Note :

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. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than that 48 hours before the time of holding of Annual General Meeting.

Postage Prepaid in Cash

BOOK POST

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Jagson Airlines Limited

IIIrd Floor, Vandana Building, 11, Tolstoy Marg,
New Delhi-110 001