



**Nineteenth Annual Report  
2011-2012**



**JAGSON AIRLINES LIMITED**

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**JAGSON AIRLINES LIMITED**  
**Nineteenth Annual Report 2011-2012**

<b>BOARD OF DIRECTORS</b>	Mr. Jagdish P. Gupta Ms. Ravinder Hora Mr. Bhuvli Kant Mr. Sardar Singh Mudgal Mr. Ramesh Chandra Jain Mr. Rajendra Prasad Sinha	Chairman and Managing Director Director Director Director Director
<b>COMPANY SECRETARY</b>	Chhama Goel	
<b>AUDITORS</b>	M/s Sanjay Kailash & Associates Chartered Accountants A-2/131, Rajouri Garden, New Delhi - 110 027	
<b>BANKERS</b>	State Bank of Hyderabad, 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	
<b>CORPORATE OFFICE</b>	11rd Floor, Vandana Building 11, Tolstoy Marg New Delhi-110 001	
<b>REGISTERED OFFICE</b>	18B, S.D.A. Complex Kasumpti, Shimla Himachal Pradesh-171 009	
<b>REGISTRAR &amp; SHARE TRANSFER AGENT</b>	RCMC Share Registry (P) Ltd. B-106, Sector-2, Noida - 201301	
<b>THE STOCK EXCHANGE, MUMBAI</b>	Phiroz Jeejeebhoy Towers, Dalai Street, Mumbai-400 001	
<b>THE STOCK EXCHANGE, DELHI</b>	DSE House 3/1, Asaf Ali Road New Delhi-110 002	

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**NOTICE**

Notice is hereby given that the Nineteenth 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 29<sup>th</sup> day of September 2012 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 31<sup>st</sup> March, 2012 together with the Director's Report and the Auditor's Report thereon;
2. To appoint a Director in place of Mr. Bhuvi Kant who retires by rotation and being eligible, offers herself for re-appointment;
3. To appoint a Director in place of Mr. Sardar Singh Mudgal 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**  
Sd/-

Place : New Delhi  
Date: 29<sup>th</sup> August 2012

**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 26<sup>th</sup> September, 2012 to 28<sup>th</sup> September, 2012 (both days inclusive).
6. Distribution of Gift is not allowed in the meeting.

**DIRECTOR'S 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, 2012.

**FINANCIAL RESULTS**

Particulars	Amount (Rs. In Lacs)	
	Year Ended March 2012	Year Ended March 2011
Total Income	1798.72	1079.20
Gross Profit/ (Loss) before Dep. & Tax	420.56	(489.54)
Provision for depreciation	193.74	287.27
Tax Provision	Nil	Nil
Provision for Deferred Tax	Nil	64.66
Provision for FBT	-	-
Net Profit/ (loss)	193.72	(844.34)
General Reserves (Surplus of Profit & Loss A/c)	962.65	962.65

**OPERATIONS**

The Company had closed its books for the year 2011-12 with a loss of Rs. 2218.70 Lac as against previous year Loss of Rs. 3163.45 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**

Mr. Bhuvu Kant and Mr. Sardar Singh Mudgal, Directors are retiring by rotation and being eligible, offers themselves for re-appointment.

Your Board of Directors recommends their appointment for your approval.

**AUDITORS**

M/s. Sanjay Kailash & Associates, Auditors of the Company retire at the conclusion of the forthcoming Annual General Meeting and being eligible, offer themselves for re-appointment.

**AUDIT COMMITTEE**

The Audit Committee consists Ms. Ravinder Hora, Mr. Bhuvu Kant, and Mr. Sardar Singh Mudgal. Two third of the members are Independent. 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 & demats 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.

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**JAGSON AIRLINES LIMITED****FOREIGN EXCHANGE EARNINGS AND OUTGO**

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

	(In Lacs)	
	<u>31.03.2012</u>	<u>31.03.2011</u>
Foreign Exchange Earned	-	-
Foreign Exchange Used	-	-

**EMPLOYEES**

During the year under review none of the employees are in receipt of remuneration exceeding the limits as prescribed under Section 217(2A) of the Companies Act, 1956

**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, 2012, 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, 2012 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 : 29th August, 2012

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 2011-12 the Board met Seventeen times on the following dates, namely:

28.04.2011, 14.05.2011, 02.06.2011, 15.07.2011, 12.08.2011, 25.08.2011, 09.09.2011, 24.09.2011, 20.10.2011, 15.11.2011, 15.12.2011, 10.01.2012, 24.01.2012, 25.02.2012, 29.02.2012, 16.03.2012, 31.03.2012

Composition of Board of Directors as on 31<sup>st</sup> 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	17	Present	1	-	-
Ms. Ravinder Hora	DIR	17	Present	1	2	1
Mr. Bhuvi Kant	DIR	16	Present	2	3	2
Mr. Sardar Singh Mudgal	DIR	14	-	2	3	-
Mr. Ramesh Chandra Jain	DIR	4	-	2	2	1
Mr. Rajendra Pershad Sinha	DIR	2	-	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/she is a Director.

Mr. Bhuvi Kant and Mr.Sardar Singh Mudgil, Directors are retiring by rotation and being eligible, offers themselves for re-appointment.

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

S. No.	Name	Date of Birth	Nationality	Qualification & Experience
1.	Mr. Bhuvi Kant	05.03.1962	Indian	A Chartered Accountant by profession having wide exposure in auditing, taxation and accounts.
2.	Mr.SardarSingh Mudgal	07.05.1953	Indian	A person with wide exposure having nearly 30 years experience in aviation sector& oil exploration.

**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 2011-12, namely;

14<sup>th</sup> April 2011, 12<sup>th</sup> August, 2011, 25<sup>th</sup> August 2011, 15<sup>th</sup> November 2011, 29<sup>th</sup> February, 2012.

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 three independent Directors viz., Mr. R.C.Jain, Mr. Bhuvu Kant and Sardar Singh Mudgal, Directors of the company. Mr. Bhuvu Kant 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. Bhuvu Kant, Director, Sardar Singh Mudgil, Director. Ms. Chhama Goel, 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 Resolution</u>
2008-09	Panchyat Ghar, P O Durgapur, Distt. Shimla, Himachal Pradesh	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
2010-11	Same as above	29.09.2011	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 24<sup>th</sup> Jan 2012, appointed Mr. Ashish Kumar Friends, a practicing company secretary as the Scrutinizer for conducting the Postal Ballot voting Process.
- The Company had completed on 24<sup>th</sup> Jan 2012, 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 24<sup>th</sup> Feb 2012, 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 25<sup>th</sup> February 2012 at the Registered Office of the Company.

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

<u>S. No.</u>	<u>Particulars</u>	<u>:</u>	<u>Resolution No. 1</u>	<u>Resolution No. 2</u>
1.	Total number of Ballot Forms received	:	9	9
2.	Total number of Invalid Ballot Forms received	:	Nil	Nil
3.	Total number of Members voting in favor of Resolution.	:	9	9
4.	Valid Votes in Favor of the Resolution	:	14426735	14426735
5.	Total number of shares held by Members voting Against the Resolution.	:	Nil	Nil

Accordingly, an 'Ordinary Resolution' u/s 293(1)(a) as set out in item No. 1 and the 'Special Resolution' u/s 198,269,309, read with Schedule XIII, as set out in item No. 2 of the Postal Ballot Notice dated on 24<sup>th</sup> Jan 2012, 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**

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., As per the listing agreement the Company also posted the Financial results, Shareholding Pattern, Quarterly Governance Report etc through Corporate Filing and Dissemination System (CFDS), viz., www.corpfiling.co.in.

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: 29th September 2012 at 10.00 A.M                      Venue : Panchyat Ghar, P O Durgapur, Distt. Shimla, HP

**10.2 Financial Calendar 2012-13 : Annual General Meeting (Next year) in the month of (Tentative) September, 2013.**

Quarterly Results

Results for the quarter ending 30 <sup>th</sup> June 2012	-Second week of Aug.'2012
Results for the quarter ending 30 <sup>th</sup> September 2012	-Second week of Nov.'2012
Results for the quarter ending 31 <sup>st</sup> December 2012	-Second week of Feb.'2013
Results for the year ending 31 <sup>st</sup> March 2012	-Second week of May'2013

**10.3 Book Closure date** : 26<sup>th</sup> September to 28<sup>th</sup> Sept. 2012 (Both days Inclusive)

**10.4 Dividend** : No dividend has been declared for the Financial Year 2011-12;

**10.5 (a) Listing on Stock Exchanges & Stock Code**

Stock Exchange	Code
Delhi Stock Exchange 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 2011-12 have been duly paid to the above Stock Exchanges

**10.6 (i) Distribution of shareholding as on 31<sup>st</sup> March, 2012**

Shareholding of Value of Rs.	Shareholders		Shareholdings		
	No.	% to Total	Shares	Amount	% to Total
Upto 5,000	13257	90.60	2465237	24652370.00	12.22
5,001 To 10,000	813	5.56	671802	6718020.00	3.33
10,001 To 20,000	306	2.09	469255	4692550.00	2.33
20,001 To 30,000	84	0.57	215259	2152590.00	1.07
30,001 To 40,000	31	0.21	110654	1106540.00	0.55
40,001 To 50,000	49	0.33	236454	2364540.00	1.17
50,001 To 1,00,000	45	0.31	343561	3435610.00	1.70
Above 1,00,001	47	0.32	15656758	156567580.00	77.63
<b>Total</b>	<b>14632</b>	<b>100.00</b>	<b>20168980</b>	<b>201689800.00</b>	<b>100.00</b>

(ii) **Shareholding Pattern as on 31<sup>st</sup> March 2012**

Category	%age
<b>(A) Promoter's Category:</b>	
1. Individual/ HUF	02.18 %
2. Body Corporate	69.35 %
<b>(B) Non-Promoter's Category:</b>	
1. Indian Public	23.99 %
2. International Investors	01.76 %
3. Bodies Corporate	02.39 %

**10.6 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 2011-12 is given below:

Month	High (Rs.)	Low (Rs.)
April 2011	15.92	8.77
May 2011	11.50	8.65
June 2011	10.20	8.00
July 2011	9.09	8.00
August 2011	8.40	5.71
September 2011	7.24	5.84
October 2011	6.78	5.20
November 2011	6.00	4.20
December 2011	5.08	3.42
January 2012	6.28	3.52
February 2012	7.22	5.20
March 2012	5.91	4.27

**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** : 91.55 % of the Shares issued by the Company have been dematerialised upto 31<sup>st</sup> March 2012.

**10.10 Address for Investor Correspondence:**

- For transfer/dematerialisation of Shares
 

	RCMC Share Registry P. Ltd. B-106, Sector-2, Noida-201301, Uttar Pradesh
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- Any other query
 

	Jagson Airlines Ltd 3 <sup>rd</sup> Floor, Vandana Building, 11 Tolstoy, Marg, New Delhi-110 001
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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  
Sd/-  
**Jagdish P. Gupta**  
Chairman

Place: New Delhi  
Date: 29<sup>th</sup> August, 2012

**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 affecting 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 . The company has received the Regional Scheduled Air Transport Services permit on 30<sup>th</sup> June, 2008 and is now planning to operate as Schedule Airlines shortly. The company also planning to purchase new aircrafts and 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.

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 pilferation 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.

**CHANGE IN ACCOUNTING POLICIES:**

Previous year figures have been re-arranged/re-grouped/re-cast, whenever it was necessary, so that figure of the current year may become comparable with the previous year-figures.

**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 : 29<sup>th</sup> August, 2012

**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 2011-12 has been received from all the Board members and senior management personnel.

Place: New Delhi  
Date: 29<sup>th</sup> August, 2012

For JAGSON AIRLINES LIMITED  
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 31<sup>st</sup> March, 2012 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.

Place : New Delhi  
Date: 29th August, 2012

For Sanjay Kailash & Associates  
Chartered Accountants

Sd/-  
(Sanjay Mehra)  
Prop.  
Membership No. 091866

## JAGSON AIRLINES LIMITED

Sanjay Kailash & Associates  
Chartered Accountants

A-2/131, Rajouri Garden  
New Delhi-110027

### AUDITOR'S REPORT

#### THE MEMBERS JAGSON AIRLINES LIMITED

We have audited the attached Balance Sheet of Jagson Airlines Limited as at 31<sup>st</sup> March, 2012 and also the Profit and Loss Account for 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.

We conducted our audit in accordance with 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.

1. As required by the Companies (Auditor's Report) Order, 2003 issued by the Central Government of India in terms of Section 227 (4A) of the Companies Act, 1956, we enclosed in the annexure a statement on the matters specified in paragraphs 4 and 5 of the said order.
2. Further to our comments referred to in paragraph (1) 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 purpose 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 and the Profit and Loss Account dealt with by this report are in agreement with the books of accounts.
  - IV. In our opinion the Balance Sheet and the Profit and Loss Account 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. Based on representation made by the Directors of the company and information and explanations given to us, none of the Directors of the company are prima-facie as at 31.03.2012 are disqualified for being appointed as Director of the Company in terms of clause (g) of the sub section (i) of section 274 of the Companies Act 1956.
  - VI. In our opinion and to the best of our information and according to the explanations given to us, the accounts read together with the notes thereon, give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view:
    - A) In the case of the Balance Sheet, of the state of affairs of the company as at 31<sup>st</sup> March, 2012, and
    - B) In case of the Profit and Loss Account of the Profit for the year ended on that date.

For Sanjay Kailash & Associates  
Chartered Accountants  
Sd/-  
(Sanjay Mehra)  
Proprietor

Place: New Delhi  
Date: 6 June, 2012

#### ANNEXURE TO THE REPORT OF THE AUDITORS (REFERRED TO IN PARAGRAPH ABOVE)

1. The Company is maintaining proper records showing full particulars including quantitative details and situation of fixed assets.
2. A substantial portion of the fixed assets have been physically verified by the management during the year and in our opinion the frequency of verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such physical verification.
3. The stocks of stores & spares have been physically verified during the year. In our opinion the frequency of verification is reasonable.
4. The procedures of physical verification of stores and spares followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
5. In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on verification between physical stocks and the book records were not material and have been properly dealt with in the books of account.

## JAGSON AIRLINES LIMITED

6. The company has granted/taken loans secured or unsecured to/from Companies, firm or other parties covered in the register maintained under section 301 of the Companies Act 1956.
7. 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 stores & spares and fixed assets. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal controls.
8. Based on the audit procedures applied by us and according to the information and explanations provided by the management, we are of the opinion that there are no transactions that need to be entered into the register maintained under Section 301 of the Companies Act, 1956.
9. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit under Section 58A and 58AA of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975, with regard to deposits accepted from the public.
10. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
11. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956.
12. According to the records of the Company, Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Customs Duty, Excise Duty, cess and other material statutory dues applicable to it, have been generally regularly deposited during the year with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of above were in arrears, as at March 31, 2012 for a period of more than six months from the date on which they became payable.
13. According to the records of the Company and information provided, there are no dues of sales tax, wealth tax, excise duty or cess which have not been deposited on account of dispute. However in the case of custom duty the company has already deposited the amount of custom duty as directed by custom, excise and service tax appellate tribunal New Delhi for the case pending with the tribunal against the order of the Commissioner of Customs. Income tax liability for the assessment year 2008-2009 has not been considered as debt as the matter is pending with Commissioner of Income Tax Appeals.
14. The Company has accumulated losses of Rs. 221,870,406/- at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
15. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
16. Based on our examination of the records and the information and explanations given to us, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
17. In our opinion the Company is not a chit fund or a nidhi/mutual benefit fund/ society. Therefore the provisions of clause 4 (xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
18. 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.
19. In our opinion and based on the information and explanations received, the company has not given any guarantee for loans taken by others from banks or financial institutions.
20. In our opinion and according to the information and explanations given to us, the Term Loans have been applied for the purpose for which they were obtained.
21. According to the information and explanations given to us and on an overall examination of the balance sheet of the company and on the basis of review of utilization of funds, we report that the no funds raised on short term basis have been used for long-term investment and vice-versa.
22. According to the information and explanations given to us, the Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.
23. According to the information and explanations given to us, during the period covered by our audit report, the company had not issued any debentures/and created any security in respect thereof.
24. The company has not raised any money through public issue during the year.
25. According to the information and explanations 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)  
Proprietor

Place: New Delhi  
Date: 6 June, 2012

**JAGSON AIRLINES LIMITED**

**JAGSON AIRLINES LIMITED**

Balance Sheet as at 31st March, 2012

Particulars	Note No	As At 31-03-2012	As At 31-03-2011
<b>I. EQUITY AND LIABILITIES</b>			
<b>(1) Shareholder's Funds</b>			
Share Capital	1	201689800	201689800
Reserves and Surplus	2	-125605210	-220080488
Money Received against share warrant		-	-
<b>(2) Share application money pending allotment</b>			
<b>(3) Non-Current Liabilities</b>			
Long-term borrowings	3	9026596	404029400
Deferred Tax Liability	4	13508652	88611992
Other Long term liabilities		-	-
Long term provisions		-	-
<b>(4) Current Liabilities</b>			
Short Term Borrowings		-	-
Trade payables	5	18130966	8647508
Other current liabilities	6	2439415	20384166
Short-term provisions	7	1170931	1115331
<b>Total</b>		<b>120361150</b>	<b>504397709</b>
<b>II.Assets</b>			
<b>(1) Non-current assets</b>			
Fixed assets			
(i) Tangible assets	8	65817947.26	370954648
(ii) Intangible assets		-	-
(iii) Capital work-in-progress		-	-
(iv) Intangible assets under development		-	-
Non Current Investment			
Deferred Tax Asset		-	-
Long Term Investment	9	26800000	-
Other Non Current Assets	10	-	35447895
<b>(2) Current assets</b>			
Current Investment			
Inventories	11	-	7514957
Trade receivables	12	18663225	34519081
Cash and cash equivalents	13	5065816	16292017
Short-term loans and advances	14	4014162	39669113
Other Current Assets		-	-
<b>Total</b>		<b>120361150</b>	<b>504397709</b>

In terms of our report attached

For Sanjay kailash & Associates

Chartered Accountants

sd/-

Sanjay Mehra  
[Partner]

Place: New Delhi

Date: 06/06/2012

sd/-

Chairman

For and on the behalf of the Board of Directors

sd/-

Managing Director

sd/-

Company Secretary

## JAGSON AIRLINES LIMITED

### JAGSON AIRLINES LIMITED

#### Statement of Profit And Loss for the year ended on 31-03-2012

Particulars	Note No	As At 31-03-2012	As At 31-03-2011
<b>CONTINUING OPERATIONS</b>			
Revenue from operations	15	-	97,245,993
Other Income	16	179,872,409	10,674,585
<b>Total Revenue</b>		<b>179,872,409</b>	<b>107,920,578</b>
<b>Expenses:</b>			
Cost of materials consumed		-	-
Purchase of Stock-in-Trade		-	-
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade		-	-
Operating Cost	17	6,588,382	41,913,718
Employee benefit expense	18	14,257,631	38,444,808
Financial costs	19	6,753,752	18,214,812
Depreciation and amortization expense	8	19,374,114	28,727,182
Other expenses	20	110,216,283	60,301,659
<b>Total Expenses</b>		<b>157,190,161</b>	<b>185,602,179</b>
<b>Profit before exceptional and extraordinary items and tax</b>		<b>22,682,248</b>	<b>-77,681,601</b>
Exceptional Items		-	-
<b>Profit before extraordinary items and tax</b>		<b>22,682,248</b>	<b>-77,681,601</b>
Extraordinary Items		3,310,310	286,106
<b>Profit before tax</b>		<b>19,371,938</b>	<b>-77,967,709</b>
<b>Profit(Loss) from the period from continuing operations</b>		<b>19,371,938</b>	<b>-77,967,709</b>
<b>Tax Expenses</b>			
Current Tax		-	-
Deferred Tax		-	6,466,593
<b>Profit(Loss) from discontinuing operations</b>		<b>-</b>	<b>-</b>
Tax expense of discounting operations		-	-
<b>Profit(Loss) from Discontinuing operations</b>		<b>-</b>	<b>-</b>
<b>Profit(Loss) for the year</b>		<b>19,371,938</b>	<b>-84,434,302</b>
<b>Earning per equity share:</b>			
Basic		0.51	-2.22
Diluted		0.51	-2.22
<b>In terms of our report attached</b>		<b>For and on the behalf of the Board of Directors</b>	
<b>For Sanjay kailash &amp; Associates</b>			
<b>Chartered Accountants</b>			
sd/-	sd/-	sd/-	
Sanjay Mehra	Chairman	Managing Director	
[Partner]			
Place: New Delhi		sd/-	
Date: 06/06/2012		Company Secretary	



**JAGSON AIRLINES LIMITED**

**JAGSON AIRLINES LIMITED**

**Notes Forming Part of the Financial Statement**

(Amount in Rs.)

**NOTE- 1**

**As at 31-03-12 As at 31-03-11**

**Share Capital**

**Authorised Capital**

5,00,00,000 Equity Share (Previous year 5,00,00,000) of Rs. 10 Each

500,000,000 500,000,000

**Issued Subscribed & Paid up Capital**

2,01,68,980 (Previous year 20168980) equity shares of Rs 10 each fully paid

Opening Balance

201,689,800 201,689,800

Add:- Share issued

201,689,800 201,689,800

**TOTAL**

**201,689,800 201,689,800**

**Note-1A.**

Particulars	Equity Shares	
	Numbers	Amount
Shares Outstanding at the beginning of the year	20,168,980	201,689,800
Share issued during the year	-	-
share bought back during the year	-	-
Shares Outstanding at the end of the year	20,168,980	201,689,800

**Note-1B**

Name of Shareholder	31/3/2012		31/3/2011	
	No. of shares held	% of shares held	No. of shares held	% of shares held
Jagson International Limited	13,986,866	69	13,986,866	69

**NOTE- 2**

**As at 31-03-12 As at 31-03-11**

**Reserves And Surpluse**

**Surpluse**

**Share Primum Account**

Opening Balance

96,265,196 96,265,196

Add:- Share premium during the year

- -

Closing Balance

96,265,196 96,265,196

**TOTAL**

**96,265,196 96,265,196**

**Reserves**

Opening Loss

-316,345,684 -231,911,382

Add:- Adjusted with Deferred Tax

75,103,340 -

Add:- Profit during the year

19,371,938 -84,434,302

Closing Balance

-221,870,406 -316,345,684

**TOTAL**

**-221,870,406 -316,345,684**

**TOTAL**

**-125,605,210 -220,080,488**

**JAGSON AIRLINES LIMITED**

NOTE- 3	As at 31-03-12	As at 31-03-11
<b>Long Term Borrowings</b>		
Term Loan From SBI Bank	-	76,032,745
Loan from Group companies	9,026,596	327,996,655
<b>TOTAL*</b>	<b>9,026,596</b>	<b>404,029,400</b>

NOTE- 4	As at 31-03-12	As at 31-03-11
<b>Deffered Tax Liability</b>		
Opening Balance	88,611,992	82,145,399
Less:- Adusted with previous year losses	75,103,340	-
Add:- Liability created during the year (Exceptional item)	-	6,466,593
Closing Balance	13,508,652	88,611,992
<b>TOTAL</b>	<b>13,508,652</b>	<b>88,611,992</b>

NOTE- 5	As at 31-03-12	As at 31-03-11
<b>Trade Payables</b>		
Trade Payables	18,130,966	8,647,508
<b>TOTAL</b>	<b>18,130,966</b>	<b>8,647,508</b>

5.1 The details of amount outstanding with the ceditors are based on the available information with the company

NOTE- 6	As at 31-03-12	As at 31-03-11
<b>Other Current Liabiliteis</b>		
Statutory Payable	855,742	2,852,313
Inter Group Company Deposits	179,029	3,948,003
Other Payable *	1,404,644	13,583,850
<b>TOTAL</b>	<b>2,439,415</b>	<b>20,384,166</b>

6.1 \* other Payable includes the Advance from coustomers and expenses payables

NOTE- 7	As at 31-03-12	As at 31-03-11
<b>Short Term Provisions</b>		
Provision for Gratuity	1,170,931	1,115,331
<b>TOTAL</b>	<b>1,170,931</b>	<b>1,115,331</b>

JAGSON AIRLINES LIMITED  
 Computation of Depreciation As Per Companies Act, 1956

Note :- 8

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As on 31.03.2011	Additions During the year	Transfer/ Adjustment During the year	As on 31.03.2012	As at 31.03.2011	For the period	ADJ.	As at 31.03.2012	As at 31.03.2012	As at 31.03.2011
Plant & Machinery	27,064,388	19,500	-	27,083,888	14,560,674	1,286,485	-	15,847,159	11,236,729	12,503,714
Aircraft	73,750,030	-	-	73,750,030	33,221,664	4,130,002	-	37,351,666	36,398,364	40,528,366
Helicopter	400,490,357	-	400,490,357	-	101,719,986	13,082,685	114,802,671	-	-	298,770,371
Furniture & Fixture	5,530,763	1,300	-	5,532,464	1,997,205	350,205	-	2,347,410	3,185,054	3,533,558
Vehicle	3,211,542	-	100,000	3,111,542	1,999,555	295,596	-	2,295,152	816,390	1,211,987
Office Equipment	4,501,579	3,900	-	4,505,479	1,460,829	199,593	-	1,660,422	2,845,057	3,040,750
Office Bldg. - Shimla	1,812,789	-	-	1,812,789	446,888	29,548	-	476,437	1,336,352	1,365,901
Goodwill	10,000,000	-	-	10,000,000	-	-	-	-	10,000,000	10,000,000
<b>Grand Total (Rs.)</b>	<b>526,361,448</b>	<b>24,700</b>	<b>400,590,357</b>	<b>125,796,192</b>	<b>155,406,802</b>	<b>19,374,114</b>	<b>114,802,671</b>	<b>59,978,245</b>	<b>65,817,947</b>	<b>370,954,646</b>
<b>Previous Year</b>	<b>521,358,125</b>	<b>5,003,323</b>	<b>-</b>	<b>526,361,448</b>	<b>126,679,620</b>	<b>28,727,182</b>	<b>-</b>	<b>155,406,802</b>	<b>370,954,646</b>	<b>-</b>

**JAGSON AIRLINES LIMITED**

NOTE- 9	As at 31-03-12	As at 31-03-11
<b>Investments</b>		
Canera Robeco Mutual Fund	26,800,000	-
<b>TOTAL</b>	<b>26,800,000</b>	<b>-</b>

NOTE- 10	As at 31-03-12	As at 31-03-11
<b>Other Non Current Assets</b>		
<b>Pre-Operative Expenses</b>		
Opening Balance	35,031,873	38,924,303
Less:- written off During the year	35,031,873	3,892,430
Closing Balance	-	35,031,873
<b>Deffered Revenue Expenses</b>		
Opening Balance	416,022	624,033
Less:- written off During the year	416,022	208,011
Closing Balance	-	416,022
<b>TOTAL</b>	<b>-</b>	<b>35,447,895</b>

NOTE- 11	As at 31-03-12	As at 31-03-11
<b>Inventories</b>		
Stores and Spares (Rig Spares)	-	7,514,957
<b>TOTAL</b>	<b>-</b>	<b>7,514,957</b>

NOTE- 12	As at 31-03-12	As at 31-03-11
<b>Trade Receivables</b>		
Trade Receivables unsecured, considered good	18,663,225	34,519,081
<b>TOTAL</b>	<b>18,663,225</b>	<b>34,519,081</b>

NOTE- 13	As at 31-03-12	As at 31-03-11
<b>Cash and Cash Equivalents</b>		
Cash in hand	4,414,425	519,445
Balances with Banks		
Current Accounts	108,087	6,441,511
Deposit Accounts	543,304	1,172,029
Interest Accrue on FDR & ICD	-	8,159,032
<b>TOTAL</b>	<b>5,065,816</b>	<b>16,292,017</b>

12.1 Balance with banks are reconciled as per the account statements provided by the different banks  
 12.2 Fixed deposits with bank includes deposits with maturity for more than 12 months

## JAGSON AIRLINES LIMITED

**NOTE- 14**

**As at 31-03-12                      As at 31-03-11**

**Short-Term Loans and Advances**

loans and advances considered good	101,341	3,360,922
security Deposit, unsecure, considered good	28,600	4,695,402
Advances to Employees	541,982	758,053
TDS Recoverable	3,041,401	3,500,673
Other advances	300,838	26,859,405
Prepaid Expenses	-	494,658
<b>TOTAL</b>	<b>4,014,162</b>	<b>39,669,113</b>

**NOTE- 15**

**As at 31-03-12                      As at 31-03-11**

**Revenue from Operations**

Passenger & Charter Revenue	-	97,245,993
<b>TOTAL</b>	<b>-</b>	<b>97,245,993</b>

**NOTE- 16**

**As at 31-03-12                      As at 31-03-11**

**Other Income**

Interest on Fixed Deposit	82,764	158,773
Income tax refund	304,307	-
Interest on Mutual Funds	-	58,914
Pilot/Crew Training Fee	-	9,915,571
Miscellaneous Income	14,126	14,000
Foreign Ex. Fluctuation	-	75,239
Capital Gain	64,664,204	-
Loaning Charges Recd.	-	15,500
Profit on sale of Assets	114,802,671	-
Dividend Recd	4,337	3,363
Net Amt Written Back	-	433,225
<b>TOTAL</b>	<b>179,872,409</b>	<b>10,674,585</b>

**NOTE- 17**

**As at 31-03-12                      As at 31-03-11**

**Operating Cost**

Aviation Fuel and Oil	111,430	22,853,865
Aircraft & Engineering Maintenance	2,789,029	10,720,765
In-flight Expenses	-	1,095,602
Landing, Parking, Servicing and other airport exp.	3,687,923	7,243,486
<b>TOTAL</b>	<b>6,588,382</b>	<b>41,913,718</b>

## JAGSON AIRLINES LIMITED

NOTE- 18	As at 31-03-12	As at 31-03-11
<b>Employee Benefit Expenses</b>		
Salaries	13,662,255	37,179,197
Allowances & Reimbursement	158,485	410,234
Provident Fund & ESI	436,891	693,021
Gratuity	-	151,300
Ex-Gratia & Leave Encashment	-	11,056
<b>TOTAL</b>	<b>14,257,631</b>	<b>38,444,808</b>

NOTE- 19	As at 31-03-12	As at 31-03-11
<b>Finance Cost</b>		
Interest A/C Term Loan MI 172	4,790,813	14,876,717
Interest on Loan	1,494,877	92,564
Bank Charges	468,062	1,245,531
<b>TOTAL</b>	<b>6,753,752</b>	<b>16,214,812</b>

NOTE- 20	As at 31-03-12	As at 31-03-11
<b>Other Expenses</b>		
Net Amount Written off	15,524,599	-
Conveyance Expenses	449,599	429,145
Traveling Expenses & Hotel Expenses	1,918,699	5,720,350
Legal & Professional Exp. including Consultancy fee	2,237,756	22,461,111
Postage & Telegram	159,557	454,262
Rent	825,934	2,766,826
Advertisement	161,660	232,674
Printing & Stationery	368,052	948,784
Staff Welfare	261,505	639,459
Telephone Expenses	467,811	901,572
Electricity & Water Charges	264,404	517,415
Auditors Remuneration	60,000	60,000
Entertainment & Business Promotion	176,199	319,006
Operational exp.	-	1,235,920
Miscellaneous Expenses	865,887	2,399,996
Training Expenses	15,000	11,734,256
Subscription & Membership	315,398	336,500
Listing fees & Share transfer expenses	116,000	114,250
Vehicle Running Expenses	156,494	275,032
Office Maintenance	31,813,266	1,574,086
Insurance Expenses	1,491,337	3,080,574
Pre-operative Expenditures Written off	35,447,894	4,100,441
Bad Debts	15,460,646	-
Security Forfeited	1,658,586	-
<b>TOTAL</b>	<b>110,216,283</b>	<b>60,301,659</b>

**SIGNIFICANT ACCOUNTING POLICIES**

**1. Basis of preparation of Financial statements**

The financial statements are prepared under the historical cost conversion, except for certain fixed assets which are revalued, in accordance with the generally accepted accounting principles in India and the provision of the Companies Act 1956.

**2. Own Fixed Assets (Tangible)**

Fixed Assets are stated at cost and includes amount added on revaluation, depreciation of Fixed Assets is recognized in Accumulated Depreciation Account. All cost, includes financing cost till commencement of commercial production. Adjustment arise due to foreign currency exchange rate variations attributable to the Fixed Assets are capitalized.

**3. Depreciation and Amortization**

Depreciation on fixed Assets is determined on the straight line method at the rate prescribed under the Companies Act 1956 and in the manner prescribed in Schedule XIV to the companies Act. 1956.

**4. Foreign currency Transactions**

Transactions denominated in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction or that approximates the actual rate at the date of the transaction.

Where exchange rate variation relates to acquisition of fixed assets is capitalized or adjusted to the carrying cost of such assets.

Any Income or expense on account of exchange difference either on settlement or on translation is recognized in the Profit & Loss Account.

**5. Investment**

Current Investments are held on a long term basis. And it carried at lower of cost and Quoted/fair value, computed category wise.

**6. Inventories**

Item of Inventories, stores/spares are valued at cost.

**7. Retirement Benefits to Employees**

A contribution to provident fund is accounted on accrual basis.

The provision for gratuity has been provided for on an arithmetical basis for eligible as per payment of Gratuity Act, 1972. Leave encashment is accounted on the basis of actuarial valuation.

**8. Goodwill**

Goodwill represents the difference between the consideration for the business and the fair value of the net assets.

**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR 2011-2012**

**A. Contingent liabilities not provided for is as under:-**

	<b>Rs. In Lacs</b>	
	<b>31-3-2012</b>	<b>31-3-2011</b>
Outstanding Bank Guaranties	NIL	NIL
<b>B.</b> Contingent liability towards custom duty is yet to be ascertained by custom and excise appellate tribunal. The demand raised by the tribunal has been duly deposited by the company hence no amount has been considered as contingent liability for the year ending on 2006.		
<b>C.</b> Contingent liability towards income tax for the assessment year 2008-2009 has not been considered as debt as the matter is pending with commissioner of income tax appeals. The disclosed claimed against the company not acknowledged as debts after careful evaluation of the fact and legal aspects of the matter involved. Such matters are in favor of the company.		
<b>D.</b> Payment has no payment been made to a director of the company during the year as remuneration including perquisites.		
<b>E.</b> Balance of sundry debtors, sundry creditors, loans & advances payable or receivable are subject to confirmation from some of the parties.		

**JAGSON AIRLINES LIMITED**

F. The company does not own any sum exceeding Rs. 1,00,000/- to small scale undertaking which is outstanding for more than 30 days.

G. Details of FDRs held over 12 months of period.

<u>FDR with</u>	<u>Amount</u>
FDR	Rs. 56,847
FDR with State Bank of Hyderabad	Rs. 86,457
FDR with State Bank of India	Rs. 4,00,000

H. Auditors remuneration

	<u>31-03-2012</u>	<u>31-3-2011</u>
Audit Fee	45000.00	45000.00
Tax Audit Fee	15000.00	15000.00
<b>Total</b>	<b>60,000.00</b>	<b>60,000.00</b>

**NOTES IN REFERENCE WITH ACCOUNTING STANDARDS****1. Depreciation:-**

Depreciation is calculated as per the rates given in company Act 1956. And the guidelines given in Accounting Standards 6 are followed.

**2. Revenue Recognition:-**

Revenue has been recognized following Accounting Standard 9. There is no pendency find in respect of the recognition of revenue.

**3. Accounting of Fixed Assets:-**

Fixed Assets are taken at historical cost and the detail of Gross Block, Net Block and Depreciation is made as per the Accounting Standard 10.

**4. Effect of Change in Foreign Currency:-**

Income arise due to changes in the rates of foreign currency has been booked following the Accounting Standard 11.

**5. Segment Reporting**

The company organized its business unit in two reportable segment shipping and port infrastructure. Accounting Standard 17 is duly followed in the process of maintaining the books of accounts of both the units.

Accounting policies are the same as described in significant accounting policies of the company.

**6. Related Parties Disclosure:-**

Accounting Standard 18 required transaction with related parties. During the year there were some transactions occurred with m/s Jagson Airlines limited, Pradeep Oil Corporation and Jindal service station, shri J P Gupta is key managerial person in all these entities.

**7. Deferred tax Liability**

As per the direction of Accounting Standard 22, Deferred Tax Asset has been provided on the basis of tax computation for the year. Depreciation is the only a component of deferred tax assets and liabilities arising on account of timing difference. However provision for deferred tax is not considered in case of shipping income because the shipping income is non-taxable due to the provision of section 115V to 115VZC of income tax act 1961.

Signature of Schedules & Notes  
For Sanjay Kailash & Associates  
Chartered Accountants

For JAGSON AIRLINES LIMITED

Sd/-  
(Sanjay Mehra)  
Proprietor

Sd/-  
DIRECTOR

Sd/-  
DIRECTOR



**JAGSON AIRLINES LIMITED**

**JAGSON AIRLINES LIMITED**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED AS ON MARCH 31st 2012**

**PARTICULARS:**

	As at 31.03.2012	As at 31.03.2011
<b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Net Profit(Loss) before tax & Extraordinary items	35182248	(77681601)
Depriciation Written back	(114802671)	0
Net Adjustment for Depreciation	19374114	28727182
Miscellaneous Expenses written off	<u>35031873</u>	<u>3892430</u>
<b>Operating Profit before Working Capital Changes</b>	<b>(25214436)</b>	<b>(45061989)</b>
<b>Adjustment for :</b>		
Inventories	7514957	(234937)
Trade & Other Receivables	59669839	(30221429)
Trade Payables	(20961694)	20876246
Deferred Revenue expenses	416022	208011
Provisions	<u>55600</u>	<u>151300</u>
<b>Cash Generated for operations</b>	<b><u>21480288</u></b>	<b><u>(54282798)</u></b>
<b>Cash flow before Extraordinary Items</b>		
Extraordinary items	<u>(3310310)</u>	<u>(6752701)</u>
<b>Net Cash Generated from Operating Activities</b>	<b><u>18169978</u></b>	<b><u>(61035499)</u></b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Net Purchase of Fixed Assets	(24700)	(5003323)
Sale of Fixed Assets	400590357	0
Sale of Investment	0	35000000
Purchase of Investment	(26800000)	0
Borrowings	<u>(395002804)</u>	<u>35160120</u>
<b>Cash Flow from Investing Activities</b>	<b><u>(21237147)</u></b>	<b><u>65156797</u></b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Increase/ (Decrease) in Share Capital	0	0
Dividend Paid	<u>0</u>	<u>0</u>
<b>Net Cash Generated in Financing Activities</b>	<b><u>0</u></b>	<b><u>0</u></b>
Net increase/ (Decrease) in Cash and		
<b>Cash Equivalent ( A+B+C)</b>	<b><u>(3067169)</u></b>	<b><u>4121298</u></b>
Cash and Cash Equivalent as at the beginning of the year	8132985	4011687
Cash and Cash Equivalent as at the close of the year	<u>5065816</u>	<u>8132985</u>
	<b><u>(3067169)</u></b>	<b><u>4121298</u></b>

As per our report of even  
date attached

For **Sanjay Kailash & Associates**  
Chartered Accountants

Sd/-  
**(Sanjay Mehra)**  
Proprieter  
Membership No. 91866  
Place : New Delhi  
Date:06.06.2012

Sd/-  
**Jagdish P. Gupta**  
Chairman

**BALANCE SHEET ABSTRACT & COMPANY  
GENERAL BUSINESS PROFILE AS AT 31.03.2012**

	PART IV	Amt. in 000
I. Registration Details	Registration No : 19011	State Code : 06
	Balance Sheet Date: Day 31 <sup>st</sup> Month : 03 Year : 2012	
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: 120361	Total Assets : 120361
	Paid-up Capital: 201690	Reserves&Surplus: (125605)
	Secured Loans: Nil	Unsecured Loans: 9027
Application of Funds	Net Fixed Assets: 65818	Investments : Nil
	Net Current Assets: 6001	Misc. Expenditure: Nil
	Accumulated losses:	
Performance of Company (Rs. in Thousands)	Turnover : 179872	Total Expenditure: 157190
	Profits before Tax: 19372	Profit after tax : 19372
	Earning per share (Rs.): 0.51	Dividend Rate %: Nil
IV. Generic Name of Three Products/Services of the Company (As per monetary terms)	<p style="text-align: center;">* After previous year adjustment</p> Item Code No. : 880230 (ITC Code)  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 Accountant  
Sd/-  
**Sanjay Mehra**  
Prop.

Sd/-  
**Jagdish P. Gupta**  
Chairman

Sd/-  
**Ravinder Hora**  
Director

Place : New Deih  
Date : 06.06.2012

Sd/-  
Company Secretary

**JAGSON AIRLINES LIMITED**

**JAGSON AIRLINES LIMITED**  
(Regd office: 18 B, S.D.A. 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 a.m. on Saturday, 29<sup>th</sup> September, 2012.

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 EQUITY SHAREHOLDER/ PROXY

(\*Strike out which is not applicable)

**JAGSON AIRLINES LIMITED**  
(Regd office: 18 B, S.D.A. Complex, Kasumpti, Shimla, Himachal Pradesh-171009)

**PROXY FORM**

I/We \_\_\_\_\_ of \_\_\_\_\_ in the district of \_\_\_\_\_

\_\_\_\_\_ being a member/members of the above-named 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 Saturday, the 29<sup>th</sup> day of September, 2012 at Panchayat Ghar, P.O. Durgapur, Distt. Shimla, Himachal Pradesh at 10.00 a.m. and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2012.

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 Register office of the Company not less than 48 hours before the time of holding of Annual General Meeting.

Affix  
Rs. 1/-  
Revenue Stamp

If undelivered please return to:  
**JAGSON AIRLINES LIMITED**  
18B, S.D.A. Complex,  
Kasumpti, Shimla,  
Himachal Pradesh-171 009