

AIR SERVICES OF INDIA, LTD.

Printed at the
ZENITH PRINTING WORKS,
80, Meadows Street, Fort, BOMBAY.



"GAGANDEVA"

ELEVENTH ANNUAL REPORT

Year ended the 30th June 1948.

AIR SERVICES OF INDIA, LTD.

COMPANY'S FLEET.

(As on 28th October 1948).

"Dakota" Aircraft

1. GAGANDUTA	...	...	VT-AUS
2. GAGANDEEPA	...	...	VT-AUV
3. GAGANDEVA	...	...	VT-AUQ
4. GAGANDURGA	...	...	VT-AUR
5. GAGANDARP	...	...	VT-AUU
6. GAGANKETU	...	...	VT-AUT
7. GAGANKENDRA	...	...	VT-AXC
8. GAGANKANT	...	...	VT-AXA
9. GAGANKIRNA	...	...	VT-AXB
10. GAGANKUNJ	...	...	VT-AXD
11. GAGANKALA	...	...	VT-CPQ

"Rapide" Aircraft

1. GAGANRUP	...	...	VT-AXG
2. GAGANRAJ	...	...	VT-AVX
3. GAGANREKH	...	...	VT-CHZ

L-5 "Sentinel" Aircraft

1.	...	...	VT-ATW
2.	...	...	VT-ATX
3.	...	...	VT-CMY

"Tiger Moth" Aircraft

1.	VT-CXS
----	-----	-----	--------

BOARD OF DIRECTORS:

Walchand Hirachand, Esq. (Chairman)	} (Ex. Officio)
Shantikumar N. Morarjee, Esq.	
Sir Chunilal B. Mehta	
The Hon'ble Sir Shantidas Askuran	
Dharamsey Mulraj Khatau, Esq.	
R. E. M. Patel, Esq.	
Jamnadas Meghji, Esq.	
Mahida Kumar Shri Narendrasinghji	
Surendra Lilabhai Jhaveri, Esq.	
Lalchand Hirachand, Esq.	
Mahomed Husein Hasham Premji, Esq.	

MANAGING AGENTS:

Mercantile Airways Agency, Ltd.

BANKERS:

The Bank of Baroda, Ltd.
The Central Bank of India, Ltd.
Devkaran Nanjee Banking Co., Ltd.

AUDITORS:

Messrs. Nanubhai & Co.
Messrs. N. M. Raiji & Co.

SOLICITORS:

Messrs. Payne & Co.

REGISTERED OFFICE:

"Scindia House", Dougall Road, Ballard Estate,
BOMBAY.

AIR SERVICES OF INDIA, LTD.

NOTICE.

NOTICE is hereby given that the Eleventh Ordinary General Meeting of the above Company will be held at "Scindia House," Dougall Road, Ballard Estate, Bombay, on Tuesday the 28th December, 1948 at 1 p.m. (s. t.) to transact the following business :—

1. To adopt the Directors' Report and the audited Statement of Accounts for the year ended the 30th June, 1948.
2. To elect a Director in place of Mr. Jamnadas Meghji who retires by rotation, but, being eligible, offers himself for re-election under Article 104 of the Articles of Association.
3. To elect a Director in place of Mr. R. E. M. Pâtel who retires by rotation, but, being eligible, offers himself for re-election under Article 104 of the Articles of Association.
4. To elect a Director in place of Sir Chunilal B. Mehta who retires by rotation, but, being eligible, offers himself for re-election under Article 104 of the Articles of Association.
5. To appoint Auditors for the ensuing year and to fix their remuneration.

SPECIAL BUSINESS:

And Notice is hereby given that at such Ordinary General Meeting the following Resolution will be proposed as an Ordinary Resolution.

"RESOLVED that in response to the appeal for subscription to the Gandhi National Memorial Fund and/or other funds to perpetuate the memory of Mahatma Gandhi, the Directors are authorised, on behalf of the Company, to make a contribution or contributions not exceeding Rs. 751 in the aggregate either in one lump sum or by instalments."

The Transfer Books of the Company will be closed from Monday the 6th December to Tuesday the 28th December 1948, both days inclusive.

By order of the Board,
MERCANTILE AIRWAYS AGENCY, LTD.
SHANTIKUMAR N. MORARJEE.

"Scindia House,"
Dougall Road, Ballard Estate,
Bombay, 11th November, 1948.

Director,
Managing Agents.

Shareholders are requested to kindly notify any change of address.

AIR SERVICES OF INDIA, LTD.

DIRECTORS' REPORT.

To

The Shareholders of

AIR SERVICES OF INDIA, LIMITED.

Gentlemen,

Your Directors beg to submit herewith their Report and the Audited Balance Sheet and Profit and Loss Account of the Company for the year ended 30th June 1948.

2. The Company's working during the year has resulted in a nett profit of Rs. 3,93,256 after charging a sum of Rs. 5,39,332 by way of depreciation on aircraft, machinery, equipment, etc. After deducting such nett profit from the balance of loss of Rs. 21,49,400 brought forward from previous years, the nett loss which is carried forward in the Balance Sheet remains at Rs. 17,56,144.

3. In arriving at this result, no charge is made in respect of remuneration payable to the Managing Agents of the Company, as they have been good enough, at the request of the Company, to waive their remuneration amounting to about Rs. 47,284 for the year under report.

4. The above result, though not satisfactory, shows improvement on the result of the previous year's working which showed a heavy loss. Though most of the unsatisfactory features confronting civil air transport operators in India continued unabated during the year, it has been possible to achieve the above result in the year's working owing to an accidental circumstance, namely, the abnormally heavy unscheduled operation of charters. While these casual operations brought about the above result, the civil air transport operators in the country are today more or less in the same unhappy plight as in the previous year so far as the possibilities of achieving economic working of regular scheduled services are concerned.

5. All operators of internal air services continue to operate them under provisional licences, permanent licences not having been yet issued by the Air Transport Licensing Board. Unfortunately, the authorities have not still been able to apply principles of rationalisation which underly the

air transport licensing scheme and to evolve and stabilise economic operation so vitally necessary to the very survival of civil airline operators who provide a second line of defence in times of emergency, as was proved when the Government decided to provide Military assistance to Kashmir State. At present ten companies are operating various routes which could be operated on an economic basis only by four or at most five companies.

6. Your Company has at every stage made suitable representations to the Authorities for securing determination and implementation of policy in the matter of putting civil aviation on economically sound basis and ensuring its development on right lines. It has been announced that the Licensing Board will take in hand the questions connected with the issue of permanent licences after the 15th December next. Your Directors will continue their efforts to secure adequate route mileage with possibilities of satisfactory traffic in order to achieve economic working as early as possible.

7. During the year under review, the Company maintained 100 percent regularity on all scheduled services except a very few cancellations on account of bad weather. In addition to the scheduled service between Bombay and Karachi via Jamnagar and Bhuj, a duplicate service to Jamnagar and Bhuj via Junagadh (Keshod) and Porbander was started during the year. The Bombay/Bhavnagar service which is operated with Dakota aircraft from 7th August 1947 has been extended to Ahmedabad. With effect from 26th July 1948 Indore has been included in the Bombay/Delhi service with satisfactory results. The Company has under contemplation suitable adjustments in some of these routes with a view to improve their working. In consultation with the Government of Saurashtra, the Company intends to provide suitable feeder services between various important centres in Saurashtra and other adjoining centres.

8. Your Directors have come to the conclusion that in order to secure economic working of certain services, it is necessary to operate them with an aircraft having a seating capacity of about 10 passengers. They hope to be able to purchase in the near future suitable aircraft answering these requirements.

9. During the year, the Company sold one Dakota aircraft to Government and one Rapide aircraft to another Airline. The Company purchased two small planes, one Tigermoth and one L-5 Sentinel for the purposes of giving training to pilots for which a scheme has been introduced. One

Tigermoth met with an accident near Daman, but the trainee pilot, the sole occupant, did not sustain any serious injury. The Company's fleet at the end of the year consists of 11 Dakota aircraft, 4 Rapide aircraft and 3 L-5 Sentinel aircraft.

10. During the year, the Company's operations covered a total distance of 17,19,209 miles and carried 43,790 passengers by its various services and charters.

11. Out of the total sum of Rs. 1,22,295 repayable to the shareholders on 48,918 shares at Rs. 2-8 per share under the scheme of Reduction of Capital, confirmed by the High Court by their order dated 12th March 1943, amounts aggregating to Rs. 1,17,232 have been duly refunded upto 30th June, 1948, leaving a balance of Rs. 5,063 which has been shown in the Balance Sheet under the heading of Liabilities for Other Finance. Those shareholders who have not yet claimed the amount due to them are requested to do so.

12. The Company's present fleet of aircraft, motor vehicles and stores, spare parts, etc. have been insured against accident and fire risks for the aggregate value of Rs. 47,78,200.

13. Three of your Directors, (1) Mr. Jamnadas Meghji, (2) Mr. R. E. M. Patel and (3) Sir Chunilal B. Mehta, retire by rotation, but, being eligible offer themselves for re-election under Article 104 of the Articles of Association.

14. You are requested to appoint Auditors for the ensuing year and to fix their remuneration.

On behalf of the Board of Directors,

WALCHAND HIRACHAND,

Chairman.

"Scindia House",

Ballard Estate,

Bombay, 28th October, 1948.

AIR SERVICES OF

Balance Sheet as at

As at 30-6-47 Rs.	CAPITAL AND LIABILITIES.	Rs.	Rs.
	CAPITAL:		
1,05,00,000	Authorised Capital: 7,00,000 Shares of Rs. 15/- each ..		1,05,00,000
73,37,700	Issued Capital: 6,10,239 Shares of Rs. 15/- each ..		91,53,585
72,63,090	Subscribed and Called up Capital: 6,05,271 Shares of Rs. 15/- each ..		90,79,065
4,750	INVESTMENT RESERVE ACCOUNT: Balance as per last Balance Sheet ..		4,750
	DEPRECIATION ACCOUNT: Balance as per last Balance Sheet ..	5,22,491	
	Less: Transfers to Aircraft etc. ..	23,661	
		4,98,830	
	Add: Provision for the year ..	5,39,332	
5,22,491			10,38,162
1,40,319	LIABILITIES: For Capital Expenditure ..	90,670	
46,640	For Goods supplied ..	31,177	
10,28,933	For Expenses ..	16,10,452	
16,148	For Passage Money Received in Advance ..	52,700	
38,202	For Other Finance ..	2,03,860	
12,70,242			19,88,859
90,60,573	Carried forward ..		1,21,10,836

INDIA, LTD., BOMBAY.

30th June 1948.

As at 30-6-47 Rs.	PROPERTY AND ASSETS.	Rs.	Rs.
	FIXED CAPITAL EXPENDITURE: (at cost)		
7,501	Land: Balance as per last Balance Sheet ..		7,501
18,255	Hangar Buildings on Leasehold Land: Balance as per last Balance Sheet ..		18,255
..	Extension to Government Buildings at Aerodrome ..		22,660
	Aircraft: Balance as per last Balance Sheet ..	19,37,568	
	Less: Cost of Aircraft sold and disabled during the year ..	3,07,004	
		16,30,564	
	Add: Cost of Aircraft purchased and cost of Conversion during the year..	1,53,024	
19,37,568			17,83,588
	Furniture, Fixtures and Fittings: Balance as per last Balance Sheet ..	1,01,214	
	Less: Sold during the year ..	2,641	
		98,573	
	Additions during the year ..	22,868	
1,01,214			1,21,441
	Workshop Machinery, Equipment, etc.: Balance as per last Balance Sheet ..	3,47,469	
	Additions during the year ..	32,131	
3,47,469			3,79,600
	Motor Cars and other Vehicles: Balance as per last Balance Sheet ..	2,42,227	
	Less: Cost of Cars sold during the year.	20,312	
		2,21,915	
2,42,227	Additions during the year ..	70,582	2,92,497
26,54,234	Total Fixed Capital Expenditure (Depreciation Account as per contra) Carried forward ..		26,25,542

AIR SERVICES OF

Balance Sheet as at

[illegible]

INDIA, LTD., BOMBAY.

30th June 1948.

As at 30-6-47 Rs.		Rs.	Rs.
26,54,234	Brought forward ..		26,25,542
	STORES AND SPARE PARTS: (as per Inventory valued and certified by the Managing Agents) ..	20,86,845	
18,92,368	Add : Materials in Transit ..	2,428	
45,346			20,89,273
2,925	WORK-IN-PROGRESS :		..
	BOOK DEBTS (unsecured)		
2,03,695	Considered good	6,26,944	
1,564	Considered doubtful	2,202	
2,05,259			6,29,146
	ADVANCES :		
1,67,211	Prepaid Expenses	15,832	
2,02,446	Advances for Purchases	72,788	
4,828	Advances for Expenses	4,34,021	
..	Advances to Staff	3,079	
10,165	Deposits	28,466	
	Extension to Government Buildings at Aerodrome—recoverable from Government under certain conditions .. ..	..
22,660			
4,07,310			5,54,186
	INVESTMENTS : (at cost)		
	50 Ordinary Shares of Rs. 100/- each fully paid up of Air India International Ltd.		5,000
5,444	INTEREST ACCRUED ON FIXED DEPOSITS		11,831
	CASH AND OTHER BALANCES :		
35,781	Cash on hand at Bombay and Branches..	36,902	
6,59,506	Cash in Current Account with Banks ..	6,51,812	
10,00,000	Cash at Bank on Fixed Deposits ..	37,50,000	
3,000	Cash in Transit	1,000	
16,98,287			44,39,714
69,11,173	Carried forward ..		1,03,54,692

AIR SERVICES OF

Balance Sheet as at

As at 30-6-47	Rs.	Rs.	Rs.
90,60,573		Brought forward ..	1,21,10,836
		STOCKS AND SPARE PARTS : (as per Inventory valued and certified by the Resident Agent)	18,92,388
		Less : Materials in Transit	45,716
		WORK-IN-PROGRESS	2,625
		BOOK DEBTS (unpaid)	2,03,695
		(Consolidated cash Consolidated doubtful)	1,581
		ADVANCES :	2,05,269
		Prepaid Expenses	1,07,311
		Advances for Purchase	2,02,416
		Advances on Expenses	4,828
		Advances to Staff	10,169
		Deposits	
		Extension to Government Buildings at Kachchh (recoverable from Govern- ment on completion of conditions	
90,60,573		Total Rs.	1,21,10,836

MERCANTILE AIRWAYS AGENCY, LTD.

SHANTIKUMAR N. MORARJEE,

Director,

Managing Agents.

Bombay, 28th October, 1948.

INDIA, LTD., BOMBAY.

30th June 1948.

As at 30-6-47 Rs.		Rs.	Rs.
69,11,173	Brought forward ..		1,03,54,692
PROFIT AND LOSS ACCOUNT:			
	Balance as per last Balance Sheet ..	21,49,400	
	Less: Profit for the year as per attached Account	3,93,256	
21,49,400			17,56,144
<hr/>			<hr/>
90,60,573	Total Rs. ..		1,21,10,836

The above Balance Sheet, to the best of our belief, contains a true account of the Capital and Liabilities and of the Property and Assets of the Company.

WALCHAND HIRACHAND (Chairman.)

SHANTIKUMAR N. MORARJEE

LALCHAND HIRACHAND

SURENDRA LILABHAI JHAVERI

JAMNADAS MEGHJI

R. E. M. PATEL

M. H. HASHAM PREMJI

D. M. KHATAU

NARENDRASINGH

Directors

AIR SERVICES OF

Profit and Loss Account for

Dr.

Previous Year. Rs.		Rs.
10,42,176	To Salaries and Wages	21,46,460
4,84,397	„ Establishment charges (including rents, stationery, printing, postage, telegrams, law charges, etc. etc.)	6,51,191
9,62,055	„ Fuel and Landing Charges	20,40,561
8,41,269	„ Maintenance, Repairs and Overhaul of Aircraft, Machinery, equipment, etc.	16,57,911
45,779	„ Booking Agents' Commission	81,581
70,463	„ Travelling Expenses	75,330
1,24,694	„ Advertising Expenses	48,786
1,93,798	„ Insurance	3,09,047
1,500	„ Audit Fees	1,500
43,244	„ Contribution to Provident Fund and Staff Insurance Premia	90,027
4,82,426	„ Depreciation	5,39,332
2,098	„ Loss on Old Books and Maps .. ..	..
42,93,899		76,41,726
..	„ Profit for the year transferred to Balance Sheet ..	3,93,256
42,93,899	Total Rs. ..	80,34,982

REPORT OF THE AUDITORS TO THE SHAREHOLDERS.

We have audited the foregoing Balance Sheet of the Air Services of India, Limited, as at 30th June 1948 and also the foregoing Profit and Loss Account of the Company for the year ended upon that date, from both of which annas and pies have been eliminated, and beg to report that :—

- we have obtained all the information and explanations which we have required;
- in our opinion, the foregoing Balance Sheet and the Profit and Loss Account are drawn up in conformity with the Law;
- such Balance Sheet exhibits a true and correct view of the state of the Company's affairs according to the best of our information and the explanations given to us and as shown by the Books of the Company; and
- in our opinion, the books of account have been kept by the Company as required by Section 130 of the Indian Companies Act.

N. M. RAIJI & CO.

NANUBHAI & CO.

Registered Accountants,

Auditors.

Bombay, 28th October, 1948.

INDIA, LTD., BOMBAY.

the year ended 30th June 1948.

Cr.

Previous Year. Rs.		Rs.
25,28,940	By Passage Money, Charter Earnings and Freight	79,32,233
3,740	„ Rent for Hangars	3,600
19,240	„ Interest	26,971
..	„ Refund of Income Tax	11,820
56,163	„ Miscellaneous Receipts	55,028
2,785	„ Share Transfer and Split Fees, etc. ..	2,168
..	„ Profit on Sale of Aircraft	3,162
11,906	„ Profit on Sale of Investments .. ..	..
Loss 16,71,125		
42,93,899	Total Rs. ..	80,34,982

WALCHAND HIRACHAND

(Chairman.)

SHANTIKUMAR N. MORARJEE

LALCHAND HIRACHAND

SURENDRA LILABHAI JHAVERI

JAMNADAS MEGHJI

R. E. M. PATEL

M. H. HASHAM PREMJI

D. M. KHATAU

NARENDRASINGH

Directors.

MERCANTILE AIRWAYS AGENCY, LTD.

SHANTIKUMAR N. MORARJEE,

Director,

Managing Agents.