



# **AIR INDIA AIR TRANSPORT SERVICES LIMITED**

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**BOARD OF DIRECTORS (AS ON 26 December 2018)**

Shri Pradeep Singh Kharola Chairman

Shri Vinod Hejmadi

Ms Gargi Kaul

Shri Satyendra Kumar Mishra

**Chief Executive Officer**

Capt A K Sharma

**Company Secretary**

Smt Poonam Bharwani

**Auditors**

M/s Jain & Jain  
Chartered Accountants, Mumbai

**Bankers**

HDFC Bank Limited

**Registered Office**

Airlines House  
113 Gurudwara Rakabganj Road  
New Delhi 110 001



## **CHAIRMAN'S SPEECH**

### **Dear Shareholders**

It gives me great pleasure to present to you the 15<sup>th</sup> Annual Report of the Company for the year 2017-18. Air India Air Transport Services Limited is a leading ground handling service provider in India and offers ground handling services at most of the airports in India.

The Company was operationalised in February 2013 and since 2014-15, the first year of stand-alone operationalisation, the Company has earned a net profit. During 2017-18 also, AIATSL has earned Net Profit of Rs.71,04,82,122/-. This is a very positive and encouraging trend.

The Government of India announced National Civil Aviation Policy in June 2016 and it was expected that this would have an impact on the size and structure of India's ground handling sector which will be dramatically transformed - significantly increasing the size of the contestable market for third party handlers almost overnight. This is the first time that India has had a single document vision for the aviation sector and that is a welcome development.

### **PERFORMANCE OF THE COMPANY**

During 2017-18, total revenue of the Company was Rs.667,95,77,588/- as against total revenue of Rs.618,71,59,167/- during 2016-17. The total expenses were Rs.545,80,86,949/- as against Rs.566,93,96,474/- during 2016-17. Profit Before Tax during the year ended 31<sup>st</sup> March, 2018 was Rs.122,14,90,639/- as against Rs.51,77,62,692/- during 2016-17. The Net Profit earned during the period was Rs.71,04,82,122/- as against the Net Profit of Rs.23,54,27,436/- during 2016-17.

### **CORPORATE SOCIAL RESPONSIBILITY (CSR)**

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013 and laid down the CSR Policy with the objective of making positive contribution to the society through high impact, sustainable programmes. Considering the profitability of the Company, an amount of Rs.1,86,80,693/- was required to be spent during 2017-18. It has been decided to spend the said amount for rural development. A detailed report on the CSR activities forms part of the Directors' Report and is annexed at Annexure I.

### **ACKNOWLEDGEMENT**

I take this opportunity to thank Air India Limited and Ministry of Civil Aviation for their unstinted support. I also acknowledge the support extended by all other authorities including banks and regulatory agencies and assure that we will continue our course on a growth trajectory, taking Air India Air Transport Services Limited to greater heights. I would like to thank my colleagues on the Board for their valuable guidance.

I would like to thank all employees of Air India Air Transport Services Limited for exemplary efforts to show the world the strength and resilience of our team spirit in pursuit of excellence. I want to thank each one of our employees for their contribution, who have always upheld the image of Air India Air Transport Services Limited.

On behalf of the Board, I seek continued support, as always.

**Pradeep Singh Kharola**



**VISION :**

To be the Leader in providing World Class Ground Handling services at all Indian Airports and expand Globally.

**MISSION :**

**Customer**

- Provide safe, reliable and on-time services
- Deliver the highest quality of service at all Indian Airports
- Provide State-of-the-Art Ramp Equipment
- Be the epitome of Indian Hospitality

**Processes**

- Continuously improve standards of safety and efficiency
- Continuous upgradation and modernisation of ramp equipment

**People**

- To Maintain an energetic, qualified and highly motivated professional team
- Maintain high degree of work ethics

**DIRECTORS' REPORT**

The Directors take pleasure in presenting the Fifteenth Annual Report of the Company, together with the Audited Accounts, Auditors' Report and Comments by the Comptroller and Auditor General of India, for the year ended 31<sup>st</sup> March, 2018.

**FINANCIAL PERFORMANCE****(Rupees in Lakhs)**

Particulars	2017-18	2016-17
Total Revenue	<b>66795.77</b>	61871.59
Total Expenses	<b>54580.86</b>	56693.96
<b>Profit(Loss) before Exceptional Items and Tax</b>	<b>12214.90</b>	5177.62
<b>Profit(Loss) before Tax</b>	<b>12214.90</b>	5177.62
Current Tax	<b>4914.96</b>	1925.00
Deferred Tax Asset	<b>195.11</b>	898.35
<b>Net Profit(Loss) after Tax</b>	<b>7104.82</b>	2354.27

During 2017-18, total revenue of the Company was Rs.667,95,77,588/- as against total revenue of Rs.618,71,59,167/- during 2016-17. The total expenses were Rs.545,80,86,949/- as against Rs.566,93,96,474/- during 2016-17. Profit Before Tax during the year ended 31<sup>st</sup> March, 2018 was Rs.122,14,90,639/- as against Rs.51,77,62,692/- during 2016-17. The Net Profit earned during the period was Rs.71,04,82,122/- as against the Net Profit of Rs.23,54,27,436/- during 2016-17.

**OTHER FINANCIAL INFORMATION****Share Capital :**

The Authorised Share Capital of the Company is Rs.1000,00,00,000/- (Rupees One Thousand Crores). The Paid-up Share Capital of the Company amounting to Rs.138,42,42,000/- (13,84,24,200 Equity Shares of Rs.10/- each) has been subscribed and paid-up by Air India Limited.

**CHANGES IN SHARE CAPITAL, IF ANY**

There was no change in the Authorised and Paid-up Share Capital of the Company.

**STAFF STRENGTH**

Based on the requirements for handling of Air India, Air India Express, Customer airline flights at various Indian stations, the number of staff inducted under various categories as on 31<sup>st</sup> March, 2018 is given below:



Terminal Manager/Dy Terminal Manager/ Airport Manager/Duty Manager/Duty Officer	14
Manager-Finance/ Costing	6
Asst. Controller	28
Junior Executive Technical	37
Jr Executive-Pax Handling	48
Sr. Customer Agent	84
Customer Agent	1896
Junior Customer Agent	420
Senior Ramp Service Agent	135
Ramp Service Agent	546
Utility Agent cum Ramp Driver	430
Security Agent	1430
Senior Security Agent	862
Handyman	1884
Utility Service Agent (absorbed as per MoU)	40
<b>Total</b>	<b>7860</b>
	=====

#### IMPLEMENTATION OF RESERVATION POLICY :

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975, along with the revised Directives effective 1991 and 1996.

#### SC/ST/OBC – Number of employees as on 31 March 2018

Total No. of employees	Total No. of SC employees	% of SC employees	Total No. of ST employees	% of ST employees	Total No. of OBC employees	% of OBC employees
7860	1691	21.51	406	5.17	1815	23.09

#### ACTIVITIES OF AIATSL

As per MOCA's direction that outsourcing will not be permitted at airports due security reasons effective 31 December 2016, AIATSL takes pride in implementing Government's decision at all the 72 Airports in India where Ground Handling Services are provided by AIATSL. There is NIL outsourcing of manpower as of date in AIATSL.

#### IMPLEMENTATION OF OFFICIAL LANGUAGE

The Company is taking effective steps for implementation of the provisions of the Official Language Act and Rules framed under the Act.

#### SEXUAL HARASSMENT

The Company has in place an Anti Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this Policy.



No complaints of sexual harassment were received during the year 2017-18.

**COMPLIANCE WITH THE RTI ACT, 2005**

Air India Air Transport Services Limited has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

Air India Air Transport Services Limited has decentralized its structure to deal with the applications / appeals received under RTI Act with effect from 18 February 2014. 8 Assistant Public Information Officers (APIOs), 5 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications / appeals.

During 2017-18, 43 Requests / Appeals were received and all have been disposed off.

**CHANGE IN NATURE OF BUSINESS**

There is no change in the nature of business of the Company.

**DIVIDEND**

With a view to expand the business operations of the Company, no dividend is recommended by the Board of Directors.

**TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND**

Since there was no unpaid / unclaimed dividend for the past years, the provisions of Section 125 of the Companies Act, 2013 did not apply.

**AMOUNT TRANSFERRED TO RESERVES**

The Board of Directors have decided / proposed to carry Other Comprehensive Income of Rs.62,90,35,019 under Other Equities, in view of First time adoption of IND AS.

**INFORMATION ABOUT SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES**

The Company does not have any Subsidiary, Joint Venture or Associate Company.

**MATERIAL CHANGES AND COMMITMENTS**

No material changes have occurred between 31<sup>st</sup> March, 2018 and the date of the Board's Report affecting the financial position of the Company.

**MEETINGS OF THE BOARD OF DIRECTORS**

As required under Section 173 of the Companies Act, 2013, Six Meetings of the Board of Directors of the Company were held during the Financial Year 2017-18 as detailed below and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings:





Sr.No.	Date of Meeting	Board Strength	No.of Directors Present
1	19 May 2017	4	2
2	15 September 2017	4	3
3	7 December 2017	4	4
4	13 December 2017	4	4
5	17 January 2018	4	3
6	27 March 2018	4	3

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm :

1. that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2017 and of the profit or loss of the Company for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable;
5. that the annual accounts have been prepared on a going concern basis; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

## AUDIT COMMITTEE

As per the provisions of Section 177 of the Companies Act, 2013, Audit Committee comprising of the following Directors was constituted in November 2014. Presently, the Audit Committee comprises of

Name of the Director	Position Held in the Committee	Category of the Director
Additional Secretary & Financial Advisor, MOCA	Chairperson	Government Nominee Director
Jt Secretary, MOCA	Member	Government Nominee Director
Chairman & Managing Director, Air India Limited	Member	Chairman (Nominee Director)
Air India Nominee Director	Member	Nominee Director

The Board has accepted the recommendations of the Audit Committee.

**AUDITORS**

M/s Jain & Jain, Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the year 2017-18 by the Comptroller & Auditor General of India.

Management clarifications / explanations to the observations / qualifications or adverse remarks in the Auditor's Report is attached. The Notes on financial statements are self-explanatory and need no further explanation.

**LOANS, GUARANTEES AND INVESTMENTS**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

**SECRETARIAL AUDITORS**

The Board has appointed M/s Hussain Wagh & Co., Company Secretaries, Mumbai to conduct the Secretarial Audit for Financial Year 2017-18. The Secretarial Audit Report for the Financial Year ended 31<sup>st</sup> March, 2018 is annexed at Annexure IV to this Report.

The Managements' Comments on Secretarial Auditors' observations are as under:

Secretarial Auditor's Observation	Management's Reply								
<p>The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence no meeting of the Independent Directors could be held during the Audit Period.</p>	<p>AIATSL is a wholly owned Subsidiary of Air India Limited. As per the provisions of Article 98 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than twelve all of whom shall be appointed by Air India Limited, who in turn can do so subject to the directions of the Government of India.</p> <p>Accordingly, the matter regarding appointment of Independent Directors on the Board of AIATSL has been taken up by Air India Limited with the Ministry of Civil Aviation, Government of India.</p>								
<p>Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.</p>	<p>As per the provisions of Section 177(2) of the Companies Act, Audit Committee shall consist of a minimum of three Directors with Independent Directors forming a majority. AIATSL, however, has constituted Audit Committee consisting of following Members :</p> <table border="0"> <tr> <td>Addl Secretary &amp; Financial Advisor, MOCA</td><td>Chairman</td></tr> <tr> <td>Jt. Secretary, MOCA</td><td>Member</td></tr> <tr> <td>CMD, Air India</td><td>Member</td></tr> <tr> <td>AIL Nominee Director</td><td>Member</td></tr> </table>	Addl Secretary & Financial Advisor, MOCA	Chairman	Jt. Secretary, MOCA	Member	CMD, Air India	Member	AIL Nominee Director	Member
Addl Secretary & Financial Advisor, MOCA	Chairman								
Jt. Secretary, MOCA	Member								
CMD, Air India	Member								
AIL Nominee Director	Member								



Secretarial Auditor's Observation	Management's Reply
	<p>As required under section 178, the Nomination and Remuneration Committee should consist of 3 or more Non Executive Directors out of which not less than one half should be Independent Directors.</p> <p>As presently there is no Independent Director on the Board of AIATSL, Nomination and Remuneration Committee has not been constituted. However, the matter has been taken up with the Ministry of Civil Aviation by Air India Limited.</p>

## COST AUDIT

During the financial year 2017-18, the Cost Audit Report has been filed with the Ministry of Corporate Affairs on 22 May 2018. This Cost Audit Report pertains to the year 2016-17 and the Cost Auditors were M/s Meena Gupta & Associates, Cost Accountants, Mumbai. The same Cost Auditors have been appointed for the Financial Year 2017-18.

## SIGNIFICANT & MATERIAL ORDERS

During the year no significant and material orders were passed by the Regulators, Courts or Tribunals impacting the Going Concern Status and Company's operations in future.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### (A) Conservation of Energy and Technology Absorption

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy and Technology Absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

However, the Company has installed Roof Top Grid Tied Solar Power System of 50kw power capacity in Chennai, which can yield around 220kwh electric energy per day on an average and it is performing well.

### (B) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo during the year under review was as under :

Earnings            USD 2,39,02,845

Outgo                USD 1,07,14,483

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted Corporate Social Responsibility (CSR) Committee as under, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises. Presently, the CSR Committee comprises of



Shri Pradeep Singh Kharola  
Ms Gargi Kaul  
Shri S K Mishra  
Shri V Hejmadi

Chairman  
Member  
Member  
Member

Shri Pradeep Singh Kharola has been appointed Chairman of the Company with effect from 12 December 2017 *vice* Shri Rajiv Bansal and accordingly, Shri Kharola replaced Shri Bansal on the CSR Committee effective that date.

The Board in its Meeting held on 23 May 2016 approved the CSR Policy. The Board has also approved an expenditure of Rs.1,86,80,693/- towards CSR activities during the financial year 2017-18. It has been decided to spend the said amount on activities related to rural development. Necessary action in this direction has been initiated.

Some of the projects of the last year would be continued and other new projects are under consideration.

## **CORPORATE GOVERNANCE**

The Company has complied with the requirements of Corporate Governance. The detailed Corporate Governance Report forms part of this Annual Report separately.

## **EXTRACT OF ANNUAL RETURN**

In compliance with the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is Annexed at Annexure III.

## **PARTICULARS OF EMPLOYEES**

As per Ministry of Corporate Affairs Notification dated 5 June 2015, provisions of Section 134(3)(e) are not applicable to a Government Company.

Consequently, details on Company's policy on Directors' appointment and other matters are not provided under Section 178(3).

Similarly, Section 197 shall not apply to a Government Company. Consequently, statement showing the names and other particulars of every employee of the Company, who if employed throughout / part of the Financial Year, was in receipt of remuneration in excess of the limits set out in the Rules, is not provided in terms of Section 197(12) read with Rule 5(1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

AIATSL being a Government Company, its Directors are appointed / nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria for determining qualifications and other matters.

## **DEPOSITS**

The Company has not accepted any deposits during the year under review.

## **ANNUAL EVALUATION**

Vide Notification No.G.S.R.463(E) dated 5 June 2015, the provisions of Section 134(3)(p) relating to Board Evaluation are not applicable since the Directors are evaluated by the Ministry of Civil Aviation.



## **INDEPENDENT DIRECTORS AND DECLARATION**

AIATSL is a wholly owned Subsidiary of Air India Limited. As per the provisions of Article 98 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than twelve all of whom shall be appointed by Air India Limited, who in turn can do so subject to the directions of the Government of India.

Accordingly, the matter regarding appointment of Independent Directors on the Board of AIATSL has been taken up by Air India Limited with the Ministry of Civil Aviation, Government of India.

## **NOMINATION & REMUNERATION COMMITTEE**

As required under Section 178 of the Companies Act, 2013 the Nomination & Remuneration Committee should consist of 3 or more Non-Executive Directors out of which not less than one half should be Independent Directors.

As presently there is no Independent Director on the Board of the Company, Nomination & Remuneration Committee has not been constituted. However, the matter has been taken up with the Ministry of Civil Aviation by Air India Limited.

Further, AIATSL is a Government Company and as per Ministry of Corporate Affairs Circular dated 5 June 2015, exemption has been given to Government Companies from the applicability of Section 178 (2) (3) (4) pertaining to Directors.

## **REMUNERATION POLICY**

### **Remuneration to Executive Directors and Non-Executive Directors**

Provisions of Section 197 of the Companies Act, 2013 in respect of remuneration to Directors of the Company are not applicable to Government Companies vide Notification No.G.S.R.463(E) dated 5 June 2015.

## **RISK MANAGEMENT**

The Company is in the process of formulating the Risk Management Policy with the following objectives :

- Provide an overview of the principles of Risk Management
- Explain approach adopted by the Company for Risk Management
- Define the Organisational Structure for effective Risk Management
- Develop a “risk” culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and co-ordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

**DIRECTORS AND KEY MANAGERIAL PERSONNEL**

During the Financial Year 2017-18, the following changes have occurred in the constitution of Directors of the Company :

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation	Mode of Cessation
1	Shri Ashwani Lohani	Chairman	31.08.2015	23.08.2017	Ceased to be Chairman
2	Shri Rajiv Bansal	Chairman	23.08.2017	12.12.2017	Ceased to be Chairman
3	Shri Pradeep Singh Kharola	Chairman	12.12.2017		

**RELATED PARTY TRANSACTIONS**

The Company, during the Financial Year, entered into contracts or arrangements with related parties, which were in the ordinary course of business and on an arm's length basis. These transactions are not falling under the provisions of Section 188(1) of the Act.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

The Company has obtained approval of the Board in its 62<sup>nd</sup> Meeting held on 15 September 2017 to enter into contracts / arrangements with Air India Limited and its subsidiary companies (Government Companies) for an estimated amount of approximately Rs.400 Crores during 2017-18.

**COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA**

The comments of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2018 are annexed to this Report.

**ACKNOWLEDGEMENTS**

The Board gratefully acknowledges the support and guidance received from Air India Limited, the Ministry of Civil Aviation, Airport Authority of India, Bureau of Civil Aviation Security. The Board expresses its grateful thanks to the Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors and various other Government Departments.

**For & on behalf of the Board**

**(PRADEEP SINGH KHAROLA)**  
Chairman

Place : New Delhi  
Date : 6th November, 2018



## MANAGEMENT DISCUSSION & ANALYSIS REPORT

### 1. ANALYSIS OF FINANCIAL PERFORMANCE

#### Revenue

- ❖ Total revenue earned during the year was Rs.667,95,77,588/- as against Rs.618,71,59,167/- during 2016-17.

#### Expenditure

- ❖ The total expenditure incurred during the year was Rs.545,80,86,949/- as compared to the previous year's figure of Rs. 566,93,96,474/-.

### 2. FUTURE OUTLOOK

AIATSL, a wholly owned subsidiary of Air India Limited was operationalised on 1<sup>st</sup> February, 2013 and started its independent operations effective April 2014. Presently, it provides ground handling services at 72 Airports in India. Apart from handling the flights of Air India and its Subsidiary Companies, ground handling is also provided to 35 Foreign Scheduled Airlines, 4 Domestic Scheduled Airlines, 3 Regional Airlines, 12 Seasonal Charter Airlines, 22 Foreign Airlines availing Preishable Cargo handling. Ground Handling was provided for 113307 flights (Air India and Subsidiaries) and 30163 flights of scheduled and non-scheduled customer airlines during 2017-18.

Further, AIATSL was considered favourably as Service Provider at the Greenfield Kannur Airport in Kerala expected to be operationalised effective January 2018 whereby Revenue of AIATSL will get a boost.

AIATSL operations along with financials will continue to achieve higher trajectory growth in the coming years. The major earnings are from handling international flights thereby the foreign exchange inflow will be available towards foreign procurement as well as possibly deriving foreign exchange gains in revenue earnings to the Company. AIATSL with Pan India presence is to be the market leader in the country and with its capability should be able to venture into few of the foreign countries wherever Air India is operating.

As per CAPA, Indian airlines could place orders for 250-300 aircraft in the next 3-6 months. This would lead to considerable growth in ground handling and ancillary activities and AIATSL would stand to gain by this development.

### 3. GOING CONCERN

The Company has earned net profit since 2012-13 which has increased from Rs.50,64,197/- during 2012-13 to Rs.71,04,82,122/- during 2017-18.

With the National Civil Aviation Policy-2016 coming into effect, it is expected that India's ground handling sector will be dramatically transformed - significantly increasing the size of the contestable market for third party handlers almost overnight. CAPA estimates that Indian airlines could place orders for 250-300 aircraft in the next 3-6 months. This would lead to considerable growth in ground handling and ancillary activities.

CAPA also estimates that the market will be worth USD1 billion annually within the next ten years. There would be a significantly larger market opportunity for third party ground handling for AIATSL as it would be essential that the airport operators ensure that there are three Ground Handling Agencies including



Air India's subsidiary / JV at all major airports for both terminal and ramp handling under the New Policy and AIATSL would stand to gain by this development.

#### **4. HUMAN RESOURCES**

##### **Staff Strength**

The number of staff inducted on Contract under various categories as on 31 March 2018 was 7860. The number of employees deputed and transferred from Air India to AIATSL were 758 and 1530, respectively.

#### **5. RISK MITIGATION STRATEGIES**

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

#### **6. INTERNAL CONTROL SYSTEMS**

M/s Kakaria & Associates, Chartered Accountants, Mumbai have been appointed as Internal Auditors to review the business processes and controls to assess the adequacy of internal control system, to ensure compliance with all applicable laws and regulations and facilitate in optimum utilisation of resources and protect the Company's assets.





## REPORT ON CORPORATE GOVERNANCE

### BOARD OF DIRECTORS

As per Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

### BOARD OF DIRECTORS AS ON 31 MARCH 2018

Shri Pradeep Singh Kharola Chairman & Managing Director Air India Limited	Chairman
Shri Vinod Hejmadi Director (Finance), Air India Limited	Air India Nominee Director
Ms Gargi Kaul Jt Secretary & Financial Advisor Ministry of Civil Aviation	Government Nominee Director
Shri Satyendra Kumar Mishra Joint Secretary, Ministry of Civil Aviation	Government Nominee Director

Shri Rajiv Bansal, who was appointed Chairman effective 23 August 2017 *vice* Shri Ashwani Lohani, ceased to be Chairman effective 12 December 2017 and Shri Pradeep Singh Kharola was appointed Chairman of the Company effective that date.

The Board places on record its appreciation of the valuable services rendered by Shri Rajiv Bansal as Chairman of the Company.

During the year, all Meetings of the Board and the Annual General Meeting were chaired by the Chairman.

Details regarding the Board Meetings, Annual General Meeting, Directors' Attendance thereat, Directorships and Committee positions held by the Directors are as under :

### BOARD MEETINGS

Six Board Meetings were held during the financial year on the following dates :

19 May	2017	(61 <sup>st</sup> Meeting)
15 September	2017	(62 <sup>nd</sup> Meeting)
07 December	2017	(63 <sup>rd</sup> Meeting)
13 December	2017	(64 <sup>th</sup> Meeting)
17 January	2018	(65 <sup>th</sup> Meeting)
27 March	2018	(66 <sup>th</sup> Meeting)



Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2017-18:

Name of the Director	Academic Qualifications	Attendance out of 6 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Ashwani Lohani Chairman	Mechanical Engineer & Fellow of Chartered Institute of Logistic & Transport	4	<u>Chairman</u> Air India Limited AIEL AIESL Airlines Allied Services Limited Hotel Corporation of India Limited <u>Director</u> Air India SATS Airport Services Pvt Ltd Air Mauritius Ltd Air Mauritius Holdings Ltd	<u>Chairman</u> Corporate Social Responsibility Committee, AIATSL  <u>Member</u> Nomination & Remuneration Committee, AIL Audit Committee, HCI Audit Committee, AIATSL
Shri Rajiv Bansal (from 23.08.2017 to 12.12.2017)	Civil Engineer, IIT Diploma in Finance, ICFAI, HYD EXE Masters in International Business, IIFT, Delhi	2	<u>Chairman</u> Air India Limited Air India Express Ltd. AIESL AASL Hotel Corporation of India Limited <u>Director</u> Air India SATS Airport Services Pvt Ltd. Air Mauritius Ltd Air Mauritius Holdings Ltd	<u>Chairman</u> Corporate Social Responsibility Committee, AIATSL  <u>Member</u> Nomination & Remuneration Committee, AIL Audit Committee, HCI Audit Committee, AIATSL
Shri Pradeep Singh Kharola (effective 12.12.2017)	Phd, Masters in Development Management	3	<u>Chairman</u> Air India Limited AIEL, AIESL, AASL Hotel Corporation of India Limited <u>Director</u> Air India SATS Airport Services Pvt Ltd Air Mauritius Ltd Air Mauritius Holdings Ltd.	<u>Chairman</u> Corporate Social Responsibility Committee, AIATSL <u>Member</u> Nomination & Remuneration Committee, AIL Audit Committee, HCI Audit Committee, AIATSL AICL Audit Committee, AIATSL



Name of the Director	Academic Qualifications	Attendance out of 6 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Ms Gargi Kaul Jt Secretary & Financial Advisor, Ministry of Civil Aviation	M.Phil	4	<u>Government Director</u> Air India Limited Air India Engineering Services Limited Hotel Corporation of India Limited	<u>Member</u> Audit Committee, AIL CSR Committee,AIATSL <u>Chairperson</u> Share Allotment Committee, AIL Audit Committee,AIATSL Audit Committee,AIESL Audit Committee,HCI
Shri Satyendra Kumar Mishra,Jt Secretary, Ministry of Civil Aviation	M.Tech (Applied Geology) M.A. (Public Policy)	5	<u>Government Director</u> Air India Limited Air India Engineering Services Ltd Hotel Corporation of India Ltd	<u>Member</u> Nomination & Remuneration Committee, AIL HR Committee, AIL Audit Committee,AIATSL CSR Committee,AIATSL Audit Committee, AIESL Audit Committee, HCI
Shri Vinod Hejmadi Air India Nominee Director	B.Com., ACA	4	<u>Director</u> Air India Ltd Air India Express Ltd Airline Allied Services Ltd Hotel Corporation of India Ltd Air India Engineering Services Ltd Air India SATS Airport Services Pvt Ltd	<u>Chairman</u> HR Committee, AIL Corporate Social Responsibility Committee, AIXL <u>Member</u> Nomination & Remune- ration Committee, AIL Corporate Social Responsi- bility & Sustainability Development Committee, AIL Corporate Social Responsibility Committee, AIATSL Share Allotment Committee, AIL Audit Committee, AIATSL Audit Committee, HCI Audit Committee, AIXL Audit Committee, AIESL Audit Committee, AASL



## **BOARD COMMITTEES**

### **AUDIT COMMITTEE**

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company constituted the Audit Committee of the Board in November 2014.

As on 31 March 2018, the following were the Members of the Audit Committee:

Addl Secretary & Financial Advisor, MOCA	Chairman
Jt Secretary, MOCA	Member
Chairman & Managing Director, Air India Ltd	Member
Air India Nominee Director	Member

The terms of reference of this Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;
  - To examine the financial statements and the auditors' report thereon;
  - To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

**Annual General Meetings (AGM) during the last three years :**

<b>AGM Number</b>	<b>Date and time of the Meeting</b>	<b>Venue</b>	<b>Special Resolution</b>
12 <sup>th</sup>	28 December 2015 at 1400hrs	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
13 <sup>th</sup>	21 December 2016 at 1230hrs	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
14 <sup>th</sup>	07 December 2017 at 1745hrs	Airlines House, 113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL



## CODE OF CONDUCT

### DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2018.

**(Ashvini Sharma)**

CEO

Air India Air Transport Services Limited

Place : Delhi

Date : 6th November 2018

**AIR INDIA AIR TRANSPORT SERVICES LIMITED****CSR POLICY****A. Background**

The new Companies Act, 2013 has introduced the concept of Corporate Social Responsibility (CSR) through its 'comply' – explain mandate. In terms of the provisions of this Act, w.e.f. 1 April 2014 every Company, Private Limited or Public Limited, which has a net worth of Rs.500 crores or a turnover of Rs.1000 crores or net profit of Rs.5 crores has to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the Act. The Companies (CSR Policy) Rules, 2014 place down the framework and modalities of carrying out CSR activities.

**B. CSR Policy****I. Objective and Scope**

The main objective of the CSR Policy is to lay down guidelines for Air India Air Transport Services Limited (AIATSL) to make CSR as one of the areas which focuses on making a positive contribution to society through high impact, sustainable programmes.

AIATSL will focus on CSR activities in and around areas of Company's operations viz., airports and city offices. AIATSL is committed to allocate at least 60% of the CSR budget for these local communities.

AIATSL will implement CSR activities to empower weaker, less privileged and marginalized sections of the society to create social capital.

**II. CSR Organisation Structure****a) CSR Committee**

The Company will have a Board Level Sub Committee, hereinafter referred to as CSR Committee, consisting of three or more Directors out of which at least one shall be an Independent Director, if any. The roles / responsibilities of the CSR Committee include :

- (i) Formulate and recommend a CSR Policy to the Board of Directors for approval.
- (ii) Recommend CSR activities as stated in the Schedule VII of the Companies Act 2013.
- (iii) Recommend the CSR budget to be incurred on the activities referred to in clause (ii) above.
- (iv) Spend the allocated amount on the CSR activities once the same is approved by the Board.
- (v) Monitor the CSR Policy of the Company from time to time.



- (vi) Create a transparent monitoring mechanism for implementation of the CSR projects / programmes / activities.
- (vii) Approve projects / programmes / activities with monetary value of Rs.50 lakhs and above in each case.
- (viii) Approve projects / programmes / activities of any value which are outside AIATSL's focus areas.

b) CSR Working Committee

Members of CSR Working Committee :

- (i) Chief Executive Officer Chariman
- (ii) Chief of Finance
- (iii) Chief of Personnel
- (iv) Company Secretary

The roles and responsibilities of the CSR Working Committee include :

- (i) Review the proposals for CSR projects / programmes / activities received from various locations.
- (ii) Approve proposals of value less than Rs.10 lakhs against approved allocated budget.

III. CSR Focus Area Projects / Programmes / Activities

- (a) AIATSL's CSR focus area projects / programmes / activities are inspired by national developmental policies for development of children, women and weaker sections of the society and are based on inspiration from legislations on child rights, child development and education, national skilled development mission, Swach Bharat Mission and policies on community / rural development.
- (b) The Company proposes to implement its CSR activities in the areas of
  - Education
  - Skilled development
  - Environment and community development
  - Drinking water
  - Rural development
  - Child care
  - Conservation of natural resources
  - Promoting and development of art and culture
  - Public libraries
  - Promotion and development of traditional arts and handicrafts
  - Sports
- (c) Detailed break up of projects / programmes / activities under each of the above areas will be approved in line with the limits of authority manual.





- (d) Any projects / programmes / activities in areas other than the above will be taken up with the approval of the CSR Committee.
- (e) These projects / programmes / activities shall be undertaken at any of the following :
  - The area in the proximity to AIATSL's operation area / locations
  - In Backward Region Grant Fund (BRGF) districts as identified by Planning Commission
  - Where there is a strategic connect for AIATSL
- (f) CSR projects / programmes / activities will be implemented through implementing partners / specialized agencies. The minimum eligibility criteria for an implementing partner are as follows :
  - It must be a registered society, trust, company or any specialized agency having minimum of three years of experience post registration in handling activities of similar nature.
  - Experience of working with any government body or public sector enterprise will be preferred.

However, the selection authority can request any other qualification on a mandatory basis from the applicants while selecting the implementing partners.

#### IV. CSR Budget / CSR Spend

- (i) As provided under the Companies Act, 2013 AIATSL shall earmark as CSR Budget at least 2% of the average net profits of the Company during the three immediately preceding financial years.
- (ii) Budgetary allocation :
  - (a) Not less than 60% of the budget will be allocated for activities in a project mode.
  - (b) Not more than 5% of the budget will be allocated for capacity building and communications.
  - (c) Balance budget could be for one time and other social activities.
  - (d) In case the Company fails to spend the budget in any particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which shall be reported by the Board in the Directors' Report for that particular financial year. Any surplus arising out of the CSR projects / programmes / activities shall not form part of the business profit of the Company.

#### V. Monitoring Mechanism

- (i) Monitoring process will be a two tier mechanism through
  - (a) CSR Committee on quarterly basis



- (b) CSR Working Committee and Representatives of entities with which the Company decides to collaborate together would ensure effective implementation and monitoring of the projects / programmes / activities approved by the CSR Committee. They will submit periodic reports to the CSR Committee on the progress of various projects / programmes / activities approved by the Committee.
- (ii) In addition to the above, at the end of the year third party impact assessment of major projects will be carried out.

VI. Publication of CSR Policy and Programmes

As per the CSR Rules, the contents of the CSR Policy shall be included in the Directors' Report and the same shall be displayed on the Company's website.

VII. Policy Review and Future Amendment

The Committee shall annually review its CSR Policy and make suitable changes as may be required and submit the same for the approval of the Board.

**AIR INDIA AIR TRANSPORT SERVICES LIMITED****PROJECT REPORT ON CSR ACTIVITIES****FINANCIAL YEAR 2017-18****1 A brief outline of the Company's CSR Policy including overview of projects or programmes proposed to be undertaken and a reference to the weblink to the CSR Policy and projects or programmes**

- The Board of Directors of the Company have adopted a CSR Policy, which includes implementation of CSR activities in the areas of Education, Skill Development, Women Empowerment, Environment, Rural Development, Child and Women Health, etc. The Company's Policy is to focus on making positive contribution to the society through high impact, sustainable programmes. At least 60% of the CSR budget would be allocated for CSR activities in a project mode. The Company will implement CSR activities to empower weaker, less privileged and marginalised sections of the society to create social capital.
- The CSR focus area projects / programmes / activities are inspired by the National Development Policies and would cover various areas as detailed in the CSR Policy. These activities could be undertaken in the proximity of the Company's operation area, BRGF districts as identified by Planning Commission and where there was a strategic connect for the Company.
- The CSR projects / programmes / activities would be implemented through implementing partners / specialised agencies, the selection of whom would be based on the laid down criteria.

**2 The Composition of the CSR Committee**

We have a Board Committee (CSR Committee) that inter alia formulates the CSR Policy, recommends CSR Budget for approval of the Board, approves CSR projects with a monetary value of Rs.50 lakhs and above and monitor CSR Policy to ensure that the CSR objectives are met. The CSR Committee comprises of

Shri Pradeep Singh Kharola	Chairman
Ms Gargi Kaul	Member
Shri Satyendra Kumar Mishra	Member
Shri V Hejmadi	Member

**3 Average Net Profit of the Company for last three financial years**

Rs.93,40,34,634/- (Rupees Ninety Three Crores Forty Lakhs Thirty Four Thousand Six Hundred & Thirty Four Only)

**4 Prescribed CSR Expenditure (Two Per Cent of the amount as in Item 3 above)**

Rs.1,86,80,693/- (Rupees One Crore Eighty Six Lakhs Eighty Thousand Six Hundred & Ninety Three Only). However, as during 2016-17, an amount of Rs.1,39,99,952/- (Rupees One Crore Thirty Nine Lakhs Ninety Nine Thousand Nine Hundred Fifty Two Only) required to be spent during 2016-17 remained unspent, it was proposed to spend Rs.3,26,80,645/- (Rupees Three Crore Twenty Six Lakhs Eighty Thousand Six Hundred & Forty Five Only) during 2017-18.

**5 Details of CSR spent during the Financial Year****(a) Total amount to be spend for the Financial Year**

Rs.3,26,80,645/- (Rupees Three Crore Twenty Six Lakhs Eighty Thousand Six Hundred & Forty Five Only) (Rs.1,86,80,693/- of 2017-18 and Rs.1,39,99,952/- unspent during 2016-17)

**(b) Amount unspent, if any**

Out of Rs.1,39,99,952/- (Rupees One Crore Thirty Nine Lakhs Ninety Nine Thousand Nine Hundred & Fifty Two Only) required to be spent during 2016-17, an amount of Rs.84,11,353/- has been spent during 2017-18 leaving a balance of Rs.55,88,599/-. Accordingly, a total amount of Rs.3,82,69,244/- (Rs.55,88,599 of 2016-17 and Rs.1,86,80,693 of 2017-18) has remained unspent during 2017-18.

**(c) Manner in which the amount spent during the Financial Year**

See Annexure attached

**6 In case Company has failed to spend the Two Per Cent of the average Net Profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report**

The Company was required to spend Rs.3,26,80,645/- on CSR activities during Financial Year 2017-18 (Rs.1,86,80,693/- during 2017-18 plus Rs.1,39,99,952/- during 2016-17). Out of Rs.1,39,99,952/- required to be spent during 2016-17, an amount of Rs.84,11,353/- has been spent on supply and installation - commissioning of 5 kWp SPV Power Plants, 3 1200Wp SPV Water Pumping Systems and 250 SPV LED Street Lighting Systems installed on the roofs of Mid / Sr Secondary School in Village Milakpur Turk in Alwar District, Rajasthan, which has been identified for undertaking CSR activities for overall development.

Balance amount of Rs.55,88,599/- (2016-17) and Rs.1,86,80,693/- for the year 2017-18 is proposed to be spent on CSR activities viz. construction of rooms for setting up of stitching centre for women (skill development), upgradation and modernisation of kitchen in Primary School, construction of toilets and class rooms in Primary and Secondary Schools in the above Village.

**7 A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company**

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR project sand activities in compliance with our CSR Objectives.

**For Air India Air Transport Services Limited**

**Sd/-**  
**Pradeep Singh Kharola**  
**Chairman of CSR Committee**

**Sd/-**  
**Ashvini Sharma**  
**Chief Executive Officer**

**Annexure to Project Report On CSR Activities***(Amount in Rs.)*

<b>S. No.</b>	<b>CSR Project or activity identified</b>	<b>Sector in which the project is covered</b>	<b>Location of the Project or Programme</b>	<b>Amount Outlay (Budget)</b>	<b>Amount spent on the Projects or Programmes</b>
(1)	(2)	(3)	(4)	(5)	(6)

**(i) Expenditure on Projects / Programmes**

1	<p>Construction of rooms for setting up of stitching centre for women (Skill Development)</p> <p>Upgradation / modernisation of kitchen in Primary School</p> <p>Construction of toilets and class rooms in Primary and Secondary Schools</p> <p>Providing Solar Powered Street Lights</p>	Rural Development	Village Milakpur Turk in Alwar District, Rajasthan	<p>Rs.1,86,80,693/- (2017-18) plus Rs.1,39,99,952/- (2016-17)</p> <p>Total - Rs.3,26,80,645/-</p>	Rs.84,11,353/-
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**(ii) Overhead****For Air India Air Transport Services Limited**

**Sd/-**  
**Pradeep Singh Kharola**  
**Chairman of CSR Committee**

**Sd/-**  
**Ashvini Sharma**  
**Chief Executive Officer**



## Annexure - III

**Annexure to Directors' Report for the year 2017-18**  
**FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2018**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U63090DL2003PLC120790
2	Registration Date	9 June 2003
3	Name of the Company	AIR INDIA AIR TRANSPORT SERVICES LIMITED
4	Category/Sub-category of the Company	Government Company
5	Address of the Registered Office & contact details	Airlines House, 113 Gurudwara Rakabganj Road New Delhi 110 001
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

(All the business activities contributing 10% or more of the total turnover of the company shall be stated)-

Sr No	Name and Description of main products / services	NIC Code of the Product/ service	% to total Turnover of Company
1	Service activities incidental to air transportation	522	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY:**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding / Subsidiary / Associate	% of Shares	Applicable Section
1	Air India Limited Airlines House, 113, Gurudwara Rakabganj Road, New Delhi, 110 001.	U62200DL2007 GOI161431	Holding	100%	2 (46)



**IV. SHARE HOLDING PATTERN** (Equity Share Capital Breakup as percentage of Total Equity) :  
Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2017]				No. of Shares held at the end of the year [As on 31-03-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	-	138424200	138424200	100		138424200	138424200	100	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)		138424200	138424200	100	-	138424200	138424200	100	
B. Public Shareholding	Not Applicable								
1. Institutions									
a) Mutual Funds/UTI									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital Funds									
i) Others (specify) Foreign Banks									
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-



Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2017]				No. of Shares held at the end of the year [As on 31-03-2018]				% Change during the year
	Demat	Physical	Total	% of Total Share	Demat	Physical	Total	% of Total Share	
2. Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs.1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh									
c) Others (specify)									
I) Non Resident Indians									
ii) Non Resident Indians - Non Repatriable									
iii)Office Bearers									
iv)Directors									
v)HUF									
vi)Overseas Corporate Bodies									
vi)Foreign Nationals									
vii)Clearing Members									
viii)Trusts									
ix)Foreign Bodies-D R									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		138424200	138424200	100		138424200	138424200	100	





**B) Shareholding of Promoter-**

Sr.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Air India Limited	138424200	100	NIL	138424200	100	NIL	

**C) Change in Promoters' Shareholding** (please specify, if there is no change)

Sr No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	<b>At the beginning of the year</b>				
	Air India Limited	138424200	100	138424200	100
	<b>At the end of the year</b>				
	Air India Limited	138424200	100	138424200	100

**D) Shareholding Pattern of top ten Shareholders:**

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding at end of the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	NOT APPLICABLE				
2					
3					
4					
5					
6					
7					
8					
9					
10					


**E) Shareholding of Directors and Key Managerial Personnel:**

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Pradeep Singh Kharola (As Nominee of Air India Limited)	1	0	1	0
2	Shri Vinod Hejmadi (As Nominee of Air India Limited)	1	0	1	0
	<b>Total</b>	2	0	2	0

**V. INDEBTEDNESS -**

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(In Rs Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>i) Principal Amount</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ii) Interest due but not paid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>iii) Interest accrued but not due</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Change in Indebtedness during the financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>* Addition</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>* Reduction</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Change</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Indebtedness at the end of the financial year</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>i) Principal Amount</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>ii) Interest due but not paid</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>iii) Interest accrued but not due</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (i+ii+iii)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE (In figures)

Sr No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission as % of profit others, specify.						
5	Others : (PF, DCS, House Perks tax etc)						
	Total (A)						
	Ceiling as per the Act						

\*There are no Managing, Whole Time Directors in the Company.

### B. Remuneration to other directors

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors						
	Fee for attending board committee meetings						
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total(1)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-
	Total (2)	-	-	-	-	-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-
		-	-	-	-	-	-



### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WT

( figures in Rs)

Sr No.	Particulars of Remuneration	Key Managerial Personnel			
					Total
1	Gross salary		*	*	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-	-	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	Others, specify.	-	-	-	
5	Others: (PF, DCS, House Perks tax etc)	-	-	-	
	Total		-	-	

\* Not applicable to Government Companies. Only CFO and CS are KMPs.

The Chief Financial Officer and Company Secretary are holding the position in addition their responsibilities as General Manager-Finance and Manager-Corporate Affairs, Air India Ltd., respectively.

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-



## ANNEXURE - IV

**FORM NO. MR.3**  
**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2018**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
AIR INDIA AIR TRANSPORT SERVICES LIMITED,  
CIN-U63090DL2003PLC120790  
AIRLINES HOUSE,  
113 GURUDWARA RAKABGANJ ROAD,  
Delhi-110001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by AIR INDIA AIR TRANSPORT SERVICES LIMITED [CIN-U63090DL2003PLC120790] (hereinafter called '**the Company**'). The Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit and as per the explanations given to me and the representation made by the Management, I hereby report that in my opinion, the Company has, during the Audit Period covering the financial year ended on 31<sup>st</sup> March, 2018 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (**Not applicable to the Company during the Audit Period**);
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; (**Not applicable to the Company during the Audit Period**);
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**Not applicable to the Company during the Audit Period**);
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-



- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period)**;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; **(Not applicable to the Company during the Audit Period)**;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **(Not applicable to the Company during the Audit Period)**;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period)**;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 **(Not applicable to the Company during the Audit Period)**;
- (vi) Having regard to the compliance system prevailing in the Company and on the basis of the Compliance Certificates/Management Representation Letters issued by the designated officers of the Company, the Company has complied with the following laws applicable specifically to the Company:
- (a) The Payment of Gratuity Act, 1972;
  - (b) The Payment of Bonus Act, 1965;
  - (c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

I further report that, based on the information provided and the representation made by the Company, in my opinion, adequate systems and processes exist in the Company to monitor and ensure compliance with provisions of applicable general laws including labour laws.

I further report that, the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

I have also examined compliance with the applicable clauses of the following:

- (I) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.



- (ii) Equity Listing Agreement and Debt Listing Agreement entered with National Stock Exchange of India Limited and BSE Limited and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**Not applicable to the Company**);

During the Audit Period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- i. *The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.*
- ii. *Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.*

Subject to what is stated herein above as regards the appointment of Independent Directors, the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Decisions at the Board Meetings, as represented by the Management, were taken unanimously.

As represented and explained to us, I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, there are no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above.

Sd/-  
Husain Y. Wagh  
Practicing Company Secretary  
(ICSI Unique Code S2013MH227200)

ACS No: 32996  
Certificate of Practice No-12153

Place : Mumbai  
Date : 6th November, 2018

This Report is to be read with our letter of even date which is annexed as '**Appendix A**' and forms an integral part of this report.



**'Appendix A'**

To,  
The Members,  
AIR INDIA AIR TRANSPORT SERVICES LIMITED,  
CIN-U63090DL2003PLC120790  
AIRLINES HOUSE,  
113 GURUDWARA RAKABGANJ ROAD,  
Delhi-110001

My report of even date is to be read along with this letter.

1. The maintenance of the secretarial records is the responsibility of the Management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test check basis to ensure that the correct facts are reflected in the secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of the financial records and books of accounts of the Company.
4. Where-ever required, I have obtained the Management Representations about the compliance of laws, rules and regulations and occurrence of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Sd/-  
Husain Y. Wagh  
Practicing Company Secretary  
(ICSI Unique Code S2013MH227200)  
ACS No: 32996  
Certificate of Practice No-12153

Place : Mumbai  
Date : 6th November, 2018





**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AIR INDIA AIR TRANSPORT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2018**

The preparation of financial statements of **AIR INDIA AIR TRANSPORT SERVICES LTD.** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 13 December 2017.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AIR INDIA AIR TRANSPORT SERVICES LIMITED** for the year ended 31 March 2018 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of any supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

**For and on behalf of the  
Comptroller & Auditor General of India**

Sd/-  
**(Prachi Pandey)**  
Principal Director of Commercial Audit &  
Ex-officio Member, Audit Board-I, New Delhi

Place : New Delhi  
Date : 28 December 2018

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AIR INDIA AIR TRANSPORT SERVICES LTD.**

To,  
The Members of  
Air India Air Transport Services Ltd. (AIATSL)

**Report on Standalone Ind AS financial Statement**

We have audited the accompanying standalone Ind AS financial statements of **Air India Air Transport Services Ltd. (AIATSL)** ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss (Including Other Comprehensive Income), The Cash Flow Statement And the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the standalone Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.

### **Basis for Qualified Opinion**

- 1. During the year inventories (GSD Spares) are transferred from Air India Limited to the company refer Annexure I, point 2. Thus Inventories and payables are overstated by INR 706 lakhs.***
- 2. Non reconciliation /confirmation of statutory dues such as TDS, PF, PT, GST, ESIC, etc. Refer Note 34. Impact of the same on the accounts is not ascertainable.***

### **Qualified Opinion**

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Emphasis of Matters**

We draw attention to the following matters in the Notes to the financial statements:

- 1. During the year, certain Income and Expenditure have been transferred from Air India Limited (AIL) to the Company. Details of such Income and Expenditure transferred from AIL are mentioned in note no. 31. forming part of accounts.***
- 2. Notes forming part of account to the standalone Ind AS Financial Statement, Company has not followed Reverse charges provision of GST as per section 9(3) and 9(4) of CGST Act, on Legal fees paid and on Hire of Transport and on services rendered by unregistered dealer which was applicable up to 13/10/2017. Also in certain instances, it is observed that instead of CGST/SGST, IGST is charged no proper control/identification of the same.***
- 3. Confirmation of certain receivables, payables (including debtors, creditors, staff related accounts) are under reconciliation. Refer Note No. 34. Impact of the same on the accounts is not ascertainable.***

Our opinion is not modified in respect of these matters.

### **Other Matters**

- 1. The Company has charged interest on outstanding balances to Alliance Air on daily basis after considering the credit period on invoice, which is deviating from the policy adopted for charging interest to other group companies.***

Our opinion is not modified in respect of above matters.

### **Report on Other Legal and Regulatory Requirements**

- 1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government, MCA in terms of Section 143(11) of the Act, we give in the **Annexure A**, a statement on the matters specified in paragraphs 3 and 4 of the Order.***
- 2. As required by Section 143(3) of the Act, we report that:***



- a) We have sought and obtained all the information and explanations except for the matters described in the Basis for Qualified Opinion paragraph, which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an financial impact on the Company.
- f) Section 164 (2) of the Companies Act, 2013, Disqualification of directors is not applicable to the Government Company, vide Notification No. GSR 463(E) dated 5<sup>th</sup> June, 2015.
- g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “**Annexure B**”.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has not disclosed the impact of pending litigations on its financial position and in its standalone Ind AS financial statements as on balance sheet date.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. The clause for transfer of an amount to the Investor Education and Protection fund by the Company is not applicable.
- j) As required by Section 143(5) of the Act, we give in **Annexure – I**, a Statement on the Matters specified by the Comptroller and Auditor General of India for the Company.

For Jain & Jain  
Chartered Accountants  
FRN:103869W

CA Jimmy Sheth  
(Partner)  
M. No.122280

Place: Delhi  
Date: 06 November 2018



## Annexure - A

The Annexure referred to in paragraph 1 of the Our Report of even date to the members of **Air India Air Transport Services Ltd. (AIATSL)** on the accounts of the company for the year ended 31st March, 2018.

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

1. (a) ***Company is maintaining records available in books of accounts as their Fixed Assets register. Fixed Assets register with proper records showing full particulars, including quantitative details and location of fixed assets, is not maintained.***  
  
(b) ***As per Company's policy, Physical Verification of Assets is to be done on a rotational basis so that every asset is verified in every two years. Management has not physically verified the fixed assets from last 4 years. During the financial year 2017-18, an external chartered accountant firm had been appointed to conduct the physical verification. Report of the same is under finalization.***  
  
(c) Company is not holding any immovable property hence clause is not applicable.
2. ***During the year GSD Spares has been transferred by Air India Limited and accounted by the company amounting to INR 1498 lakhs. Out of the same, the Company (ground handling department) had accepted Spares of book value INR 792 lakhs and the company informed to us that the remaining inventories are returned back to the AIL. However the confirmation of the same is not yet received. These Spares were not physically verified by the Company.***

***Physical verification as on year end had not being conducted.***

3. As per the verification of records, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions of clauses 3(iii) (a) and (b) of the order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security are not applicable to the Company.
5. Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
6. ***As per the provision of section 148 sub - section (1) of the Companies Act, 2013 and central government notification maintenance of cost records and Cost Audit is applicable to the Company. The Company has appointed the Cost Auditor but the cost records are yet to be provided.***
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value added Tax, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. ***Since Books does not matches with Returns filed, the dues outstanding for more than six months from the date they became payable are unable to detect.***



- (b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, GST and excise duty which have not been deposited on account of any disputes.
8. Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.
9. Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
10. Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by Company or on the company by its officers or employees has been noticed or reported during the year.
11. Provisions of section 197 read with Schedule V to the Companies Act 2013 are not applicable for the Government Company hence clause is not applicable;
12. In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.
13. Since section 188 is not applicable to Government Company hence this clause is not applicable.
14. Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
15. Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
16. In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

For Jain & Jain  
Chartered Accountants  
FRN:103869W

CA Jimmy Sheth  
(Partner)  
M. No.122280

Place: Delhi  
Date: 06 November 2018





**“Annexure B” to the Independent Auditor's Report of even date on the Standalone Financial Statements of Air India Air Transport Services Ltd. (AIATSL)**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of Air India Air Transport Services LTD. (AIATSL) (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that



- (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting: -**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given us and based on our audit, the following material weaknesses have been identified as at March 31, 2018:

- (a) ***The Company's internal financial control system over financial report does not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment.***
- (b) ***Standard Operating Procedures (SOP) for all the department/process have not been drafted and documented except the Brief Process Notes based on which the work flow is carried out.***
- (c) ***In the Master updation by personnel department there is weakness observed due to manual controls, so there are high chances of error, omission, excess, short payments.***
- (d) ***The Company has not defined it's Organization Structure and documented the Job description for the employees.***
- (e) ***The Delegation of powers is not reviewed frequently by the company.***
- (f) ***The Company does not have an effective information system audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from the IT system. As explained to us the department of IT – Air India (the Holding Company) controls all the IT related activities.***
- (g) ***The backup of local systems are not taken regularly and data is not stored on servers. The LAN concept is not in use. The USB drives are open. The SAP data is maintained at Air India Servers. The Network Diagram is not available. The IT controls are weak.***
- (h) ***The SAP logins are shared by the users. The maker checker process is not followed. The person who is entering the transaction only posts the transaction.***





- (l) ***As per the Policy of the Company Physical Verification of Fixed Assets should be done once in a two year but since the hiving off the Business from AIL to AIATSL no such Physical verification has happened.***
- (j) ***Based on our testing of identified controls by management the following deficiencies were observed in processes as mentioned below:***

**1) REVENUE**

- (a) MBS software which is used for billing to Airlines does not have the Maker Checker controls for creation of masters. However, for raising of Invoices, the Maker - Checker controls is not being followed by Western Region.
- (b) Issue and maintenance of RA Form is decentralized as a result of which the format of RA form used is different across all the regions, also printing and serial number of the same is not standard.
- (c) No standard time limit is defined for sending the accepted RA Forms by duty manager to Billing department nor has any responsibility been defined for the task. Consequently considerable time gap between the services provided and invoices raised was observed.
- (d) Though invoicing cycle is defined by management the same is not followed by billing department due to delay in receipt of RA forms.
- (e) Reconciliation of RA forms issued with flights scheduled is not done in Western regions for tracking revenue leakages.
- (f) Arithmetical inaccuracy was observed in various invoices issued from MBS software. Consequently instances of Excess/Short Billing were observed showing material weakness in the process of Invoicing.
- (g) All the invoices are not raised through MBS. Regions are following the separate set of practices. Manual invoice raising is also observed. Invoice format is also not unique. Also some of the Mandatory fields are missing in the Invoice format. Invoicing system needs strong Automated Control.
- (h) The Logins in the MBS are shared inappropriately. The Appropriate Logs are also not available.
- (i) In case of Group Company RA forms are not prepared and the invoices are raised based on IOCC data (IOCC maintained by Parent Company).
- (j) Rates decided in MOU with AIL is not supported by any basis of working.
- (k) Though interface from MBS to SAP is automated in certain cases missing fields are observed as a result of which bills are not automatically booked in the SAP.
- (l) Galaxy system used for creating TSP Receipts in cargo complex is not automated, certain details in the same are always to be entered manually.
- (m) TSP receipts can be created by any officer in the department the same is not segregated based on authority.



- (n) Since there is shortage of staff in the department, there are chances of custom penalties to be levied on AIATSL due to non-compliance of procedures on timely basis.
- (o) Transferring of data from galaxy into SAP is not automated for booking of revenue related to Import/Export.

## **2) HUMAN RESOURCES**

- (a) Company does not have the detail Policy / Standard Operating Procedure for HRD. Notes are issued with the approvals of management as and when required for policies.
- (b) Company does not have an Automated Control for Attendance and payroll, in spite of the large employee strength. Also the standard manual attendance process is not followed across the departments.
- (c) Company does not maintains the records for late mark, early going, so consequently non deduction from salary.
- (d) Process of payroll is not automated and involves manual inputs from all the departments.
- (e) Insertion / Updation of Master data base in the SAP is not having the checker-maker tool leads to wrong/excess/short payments of Salaries.

## **3) ACCOUNTS AND FINANCE**

- (a) List of users in the SAP and their rights are not available.
- (b) Maker-Checker tool is not followed in the SAP.
- (c) There is no process to identify dormant/inactive GL accounts and no review of the same is done by appropriate authority.
- (d) Reversals of journal entries are not supported by appropriate documented approvals.
- (e) Posting of Journal Vouchers are supported by appropriate documented approvals in many cases.
- (f) Some of the cases it is also noted Direct Bank entry is passed instead of Rotating through the Party/Vender Ledger. Control cannot be established.
- (g) The company does not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables.
- (h) Air India Limited (Parent Company) has been debiting expenses and crediting some revenue without any supporting documents. There is no way by which this expenses/revenue can be verified by the Company.
- (i) Reconciliation of transactions with group companies is done only on year end instead the same should at least be done monthly/quarterly with review of appropriate authority.
- (j) Policy of petty cash is not standard across all the regions, the same should be standardized.



- (k) Cut off procedures are followed only on year end. However due to the implementation of GST the same should be done on monthly basis and proper review of the same should be done by appropriate authority.
- (l) Provisioning process is followed on year end basis instead of month to month basis.
- (m) There is no standard process for identifying contingent liabilities and quantifying the same for proper disclosure in financial statements.
- (n) The working capital cycle of receipts from services provided to the Subsidiary companies the billing is regular but the receipts are not on timely manner.
- (o) In case of Insurance only premium amount is debited to the Company by Air India Limited (AIL), no proper justification of the same is available with the Company for the assets insured.
- (p) Scrap Sales are there but the same is not removed from the Fixed Asset Register in lack of proper records.
- (q) No documented process of scrutiny of general ledgers by appropriate authority is in place.
- (r) Tax Audit for the FY 2016-17 is not yet completed.
- (s) Statutory Returns (GST, TDS, PF, PT, ESIC, etc.) and Books under reconciliation.

#### **4) PROCUREMENTS**

- (a) Purchase orders are issued manually instead of using SAP.
- (b) GRN is not issued for any procurement in any department.
- (c) There is no process of reviewing credit period offered to AIATSL by various vendors.
- (d) Process of forwarding procurement invoices to finance department is not defined.
- (e) Cost of Asset derived by Manager Finance is capitalized without being approved by appropriate authority.
- (f) SAP code and details of fixed assets procured punched in by manager finance is not approved by appropriate authority.
- (g) Depreciation run in SAP is automated since the master is not updated w.r.t. rates the same is re-run for accounting the difference between the old and new rates.

#### **5) OTHERS**

- (a) The Company has not documented and approved Business Continuity Plan/Disaster Recovery Plan.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.



In our evaluation, except for the above effects /possible impacts of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Jain & Jain  
Chartered Accountants  
FRN:103869W

CA Jimmy Sheth  
(Partner)  
M. No.122280

Place: Delhi  
Date: 06 November 2018



Annexure – I

**Reporting in Compliance with the Directions/sub-Directions received from Comptroller and Auditor General of India.**

1. If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.”

**The company has been selected for Disinvestment, in view of the NITI Aayog recommendations on the Disinvestment of Air India Ltd and followed by the recommendation of the Core group of secretaries on disinvestment (CGD)., the Cabinet Committee on Economic Affairs (CCEA) has given an 'in-principle' approval for considering the strategic Disinvestment of Air India Ltd, five of its subsidiaries (which includes AIATSL) and a joint venture in its meeting held on 28<sup>th</sup> June 2017.**

CCEA has also approved the constitution of an Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic Disinvestment. As of date, Transaction Advisor, Legal Advisor and asset valuer have been appointed to carry forward the process of Disinvestment.

2. Whether Company has clear title/lease deeds for freehold and leasehold respectively? if not please state the area of freehold and leasehold land for which title/lease deeds are not available?

**Company does not possess any freehold or leasehold Premises/Land.**

3. Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.

**No such waiver/write off observed.**

4. Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.

**As informed to us, during the year no such inventory lying with third parties & no such assets received as gift from Govt. or other authorities.**

5. A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given.

**As informed to us, there are 37 pending legal/ arbitration cases. Details of the cases are attached in Table A.**

For Jain & Jain  
Chartered Accountants  
FRN:103869W

CA Jimmy Sheth  
(Partner)  
M. No.122280

Place: Mumbai  
Date: 06 November 2018



**COMPLIANCE CERTIFICATE**

We have conducted the audit of accounts of Air India Air Transport Services Limited for the year ended 31<sup>st</sup> March 2018 in accordance with the direction / sub-direction issued by the Comptroller and Auditor General of India under section 143 (5) of the companies act, 2013 and certify that we have complied with all the direction / sub-direction issued to us.

For Jain & Jain  
Chartered Accountants  
FRN:103869W

CA Jimmy Sheth  
(Partner)  
M. No.122280

Place: Mumbai  
Date: 06 November 2018



**TABLE A**  
**Pending Litigation Cases - AIR INDIA AIR TRANSPORT SERVICES LTD.**

Depar tment	Sr. No.	Name of the Parties	Case No	Name of the Court	Date of filing	Date of Next Hearing	Name of Lawyer	Brief Description not more than 50 words	If financial Implication > INR 1 crore indicate "high value"	Financial Impact	Current Status on the Case/Matter
Personnel	1	A.K.Jana & Ors vs Union of India & Ors	W.P. 3963 of 2018	High Court Kolkata	26.02.2018	case not yet reached for hearing	M/s Kini & company	W.P. No. 3963 (W) of 2018. Subsequent to issuance of Circular dated 12th February, 2018, for absorption in AIATSL, all those Casual workers who are presently working with AIATSL in its operational activities at Kolkata and outstations in Eastern Region, a group of 61 Casuals (instant Petitioners) have filed the said Writ Petition before the Hon'ble Calcutta High Court on 28th February, 2018, praying for an order of injunction restraining the respondents from not terminating their services until disposal of the application.	It is the case with Air India.	NIL	
Personnel	2	LEO - Delhi vs AIATSL	NA	Patilaya House Court Delhi	Jul-14	Heard on 23.03.2018 adjorned to a later date	M/s Kini & company	LEO (G) visited Safdarpur office - Found some irregularities under Contract Labour Act - Summons issued - During hearing Court enquired LEO whether AIATSL is necessary party in the case and sought clarifications. Case subjudice.	NIL	NIL	Next date awaited.
GSD	3	Mr. Sunil Kumar Pandey, RSA	WP 13064 of 2018	High Court, Lucknow	May-18	04.07.2018 -Matter could not be taken up for hearing	M/s Kini & company	Against his termination order dated 10.04.2018		Rs. 1 Lakh	Next date will be intimated
GSD	4	CEO AIATSL vs Sr.Police Inspector sahar police station & Ors.	WP - 4295 of 2015	High Court Mumbai	03.03.2017	will come up for hearing in May 2019	M/s Kini & company	Against cancellation of FIR filed by Sr.AGM (GS) Mr.Dhoke The High Court has interalia vide interim order dated 07/03/2017 directed the ACP and others that no coercive steps be taken against petitioner and the investigation officer has to submit the investigation reports thereto. The both the cases will come up for hearing.	NIL	NIL	will come up for hearing in May 2019
GSD	5	The then GM - GH & Ors vs Sr.Police Inspector sahar police station & Ors	WP- 4772 of 2015	High Court Mumbai	03.03.2017	will come up for hearing in May 2019.	M/s Kini & company	Against FIR filled by Mr.Mokal The High Court has interalia vide interim order dated 07/03/2017 directed the ACP and others that no coercive steps be taken against petitioner and the investigation officer has to submit the investigation reports thereto. The both the cases will come up for hearing.	NIL	NIL	will come up for hearing in May 2019.
GSD	6	Mr.K.J.Dhoke vs Union of India & Ors	Contempt petition - 25 of 2018 in WP No1730 of 2015	High Court Mumbai	09.03.2018	Came for hearing on 15.06.2018 for filing our reply, the matter is adjourned to 07.08.2018 for filing rejoinder, fresh date awaited	M/s Kini & company	This is against the the Management of AIATSL for not implementing the orders dated 24th october2017 relating to reengagement in respect of Mr.Dhoke.	NIL	NIL	Came for hearing on 15.06.2018 for filing our reply, the matter is adjourned to 07.08.2018 for filing rejoinder by the petitioner. However the case was not heard and fresh date is awaited
GSD	7	Mr.S.S.Holkar vs Air India Ltd & Ors	W.P.2018	High Court Mumbai	11.04.2018	not yet reached for hearing	Mr.Lancy D'souza	This petition is for not releasing retirement benefits as the petitioner has already been retired from the services of the company on 30.04.2017 as the petitioner has failed to get his Tribune certificate verified by the caste scrutiny committee	NIL	NIL	not yet reached for hearing
Security	8	Mr.S.V.Adhav vs AIATSL	Ref. CGIT - 2/15-2017	Industrial Tribunal	28.11.2017	Matter adjourned to 25.10.2018	Adv.Mr.Lancy D'souza	This reference is against the termination of contract in respect of workman. He has claimed Reinstatement with full back wages w.e.f 17/10/2017 - date of termination of contract		Rs 2 Lakhs approx	Matter adjourned to 25.10.2018
GSD	9	M.L.Shetty vs AIATSL	Ref. CGIT - 2/12-2016	Industrial Tribunal	22.12.2016	Matter adjourned to 23.08.2018 for cross examination of workman	Adv.Mr.Lancy D'souza	It is against the order dated 05.10.2016 of removal from services issued in the name of shetty he has ask for Re-instatement with back wages in services till his normal retirement i.e. 31.12.2016.		Rs 2 Lakhs approx	Next date awaited



Pending Litigation Cases - AIR INDIA AIR TRANSPORT SERVICES LTD.

Department	Sr. No.	Name of the Parties	Case No	Name of the Court	Date of filing	Date of Next Hearing	Name of Lawyer	Brief Description not more than 50 words	If financial implication > INR 1 crore indicate "high value"	Financial Impact	Current Status on the Case/Matter
GSD	10	Mr. S.T. Kakkar vs AIATSL	Ref:CGIT 2/13-2016	Industrial Tribunal	23.02.2017	Matter listed for hearing on 23.08.2018	Adv. Mr. Lancy D'souza	The workman is challenging the order dated 01.03.2016 regarding his removal from the services and demanding continuity in services with full back wages. On the basis of the application by the workman as to include M/s Air India as party to this reference, the Presiding Officer has passed the order to the effect of making M/s Air India as party in the same reference.		Rs.14 Lakhs approx	Next date awaited
Personnel	11	Bahujan Kangar Union vs AIATSL	Ref. CGIT 1/15 of 2017	Industrial Tribunal	11.06.2007	Matter was listed for hearing 02.08.2018.	Adv. Mr. Lancy D'souza	For regularization of casual labours. The matter is between the union and M/s Air India however AIATSL has also been made a party in the said reference.	The case is with Air India, AIATSL has made a party to it.	NIL	Awaiting date / order
GSD	12	Mr. P. N. Power	Ref:CGIT 2 / 3 of 2017	Industrial Tribunal	13.07.2017	Matters listed for orders on 12.09.2018	Adv. Mr. Lancy D'souza	It is against the punishment of removal from the services 07/07/2015 he asking for Re-Instatement in service with full back wages and other benefits.		Rs.14 Lakhs approx	Adjudged to 27th Nov 2018
Finance	13	Mr. P. Mulhu	APPLN C/136(29) of 2014	Controlling Authority under PG Act 1972	11.03.2014	Matter is adjourned to 05.10.2018	Adv. Mr. Lancy D'souza	AIATSL has already made the payment of gratuity for his service in AIATSL. However he is claiming the gratuity for his service through the contractor in Air India. The matter is related to Air India, however AIATSL has been made a party in the said matter.	The case is with Air India, AIATSL has made a party to it.	NIL	Matter is adjourned to 05.10.2018
Finance	14	Mr. S.G. Ghawali	APPLN C/136(23) of 2014	Controlling Authority under PG Act 1972	23.09.2014	Matter is adjourned to 05.10.2018	Adv. Mr. Lancy D'souza	AIATSL has already made the payment of gratuity for his service in AIATSL. However he is claiming the gratuity for his service through the contractor in Air India. The matter is related to Air India, however AIATSL has been made a party in the said matter.	The case is with Air India, AIATSL has made a party to it.	NIL	Matter is adjourned to 05.10.2018
Personnel	15	Ms. H. Prabhu	Ref. CGIT 2/1 of 2007	Industrial Tribunal	17.09.2007	Reserved for award	Adv. Mr. Lancy D'souza	The workman has demanded status of permanency from the date of appointment with consequential benefits. The matter is related to Air India which is reserved for award.	It is Air India Case	NIL	Appeal by Air India in High Court challenging the matter.
GSD	16	Mr. D. Sundar raj	WP 29563 of 2012	High Court Madras	2012	Date not finalised - will come for hearing	Ms. Menon & Pai	Arising out of the disciplinary proceedings, Mr. D. Sundar Raj, SI No.21651 was awarded the punishment of reduction to a lower post. Against this he filed a WP 29563/2012 and the High Court of Madras disposed off the matter with a direction to modify the order within two weeks with a liberty to the petitioner to prefer an appeal provided under Clause 24 of the Certified Standing Orders before the Appellate Authority. A modified order vide letter No.GSD/GH/06-01/246 dated 31 Aug 2012 against which Mr. D. Sundar Raj filed a WP 29563/2012 calling for the records passed by RM-GS and quash the same and confer all consequential benefits.		Rs. 3 Lakhs approx.	Date of next hearing not yet fixed
GSD	17	Mr. D. Sundar raj	WP 14022 of 2017	High Court Madras	May-17	Next date of hearing awaited	Ms. Menon & Pai	The employee was awarded the punishment "dismissed without retirement benefits in full" vide order dated 29.04.2017. The Petitioner has called for the records pertaining to the said order and quash the same and direct the Respondents to confer all consequential benefits to the Petitioner.		NIL	Date of next hearing not yet fixed
Personnel	18	Casual Labours of Air India Ltd	WP No.1753 / 2010 29796 of 2012 & 22212 of 2010	High Court Madras	2010	Next date of hearing awaited	Ms. N.G.R. Prasad	Grant of interim injunction restraining 7th Respondent (Nodal Officer, AIATSL, Chennai) from making any fresh recruitment in which the casuals are engaged.		NIL	Date of hearing not listed
Personnel	19	CS Ravindran & others v. Union of India & Ors.,	WPC 15734 of 2011/	High Court Cochin	2011	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms. Menon & Pai	Regularisation Case, Claim for regularisation/ absorption into service and same benefits. Counter Affidavit filed.		NIL	Next date of hearing awaited





Pending Litigation Cases - AIR INDIA AIR TRANSPORT SERVICES LTD.

Department	Sr. No.	Name of the Parties	Case No	Name of the Court	Date of filing	Date of Next Hearing	Name of Lawyer	Brief Description not more than 50 words	If financial Implication > INR 1 crore indicate "high value"	Financial Impact	Current Status on the Case/Matter
Personnel	20	KG Suresh Kumar & Ors. v. Union of India & Ors.,	WPC 23157 of 2011	High Court Cochin	2011	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms Menon & Pai	Regularisation Case, Allegation that some in the same situation as the Petitioners were absorbed. Prayer for regularisation/ absorption into service and same benefits. Counter Affidavit filed.		NIL	Next date of hearing awaited
Personnel	21	Narayana Radhakrishna Pillai & 109 others v. Union of India & Ors.,	WPC 27989 of 201	High Court Cochin	2011	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms Menon & Pai	Claim for regularisation / absorption into service and same benefits. Counter Affidavit filed.		NIL	Next date of hearing awaited
Personnel	22	Bhesh Thalapilly & Ors. v. Union of India & Ors.	WPC 15186 of 2012	High Court Cochin	2012	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms Menon & Pai	Claim for regularisation / absorption into service and same benefits. Counter Affidavit filed.		NIL	Next date of hearing awaited
GSD	23	Alimthe v. Union of India & Ors.,	WPC 23727 of 2016	High Court Cochin	2016	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms Menon & Pai	Non-renewal of contract of the Petitioner/Alimthe as Ramp Service Agent - Stated identified on 09.08.2016. Interim order to reinstate. Reinstated but not coming for work for last 6 months. Termination letter to be sent to him as advised by advocate. (Contract expired on June 2018)		NIL	Next date of hearing awaited.
GSD	24	VP Sony v. Union of India & Ors.	WPC 32923 of 2016	High Court Cochin	2016	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms Menon & Pai	Non-renewal of contract August 2016 of the Petitioner as Ramp Service Agent. Counter Affidavit filed.		Rs.5 Lakhs approx.	Next date of hearing awaited
Security	25	Rajeev S. v. Union of India & Ors.	WPC 32450 of 2016	High Court Cochin	2016	(Last date of hearing 11.01.2018) Next date of hearing awaited	Ms Menon & Pai	Counter Affidavit filed. Interim order to reinstate. Reinstated eff. 28.12.2016		NIL	Next date of hearing awaited
GSD	26	Nishanth TG v. Union of India & Ors.	WPC 38381 of 2016	High Court Cochin	2016	Came up for hearing on 27.06.2018 and posted after two weeks but not come up for hearing so far	Ms Menon & Pai	Challenge to the Ramp Service Agent contract and posting in Vizag on grounds of victimisation. Counter Affidavit filed on 13.12.2016. No interim order			Next date of hearing yet awaited
GSD	27	VP Sony & Ors vs Union of India	WPC 12501 of 2013	High Court Cochin	2013	Posted for hearing on Dec 2017. Next date of hearing awaited	Ms Menon & Pai	Recruitment of Sr. RSA. Statement filed. Interim order that appointments will be subject to outcome of the writ petition.			Next Date of hearing awaited
GSD	28	Nishanth TG -	WPC 37088 of 2016	High Court Cochin	2016	Posted for hearing on Dec 2017. Next date of hearing awaited	Ms Menon & Pai	Challenging the recruitment of Sr. Ramp Service Agents. Counter Affidavit filed. Interim order that final appointments to be made after taking permission of the court.			Next Date of hearing awaited
GSD	29	VP Sony v. Union of India & Ors.	WPC 36627 of 2016	High Court Cochin	2016	Last hearing was on 22.06.2017 but not come up for hearing. Next date of hearing awaited	Ms Menon & Pai	Challenging to the appointment of Handymen			Next date awaited.
Personnel	30	AIATSLS vs Aviation contractual employees Association	ID NO. 8/2016	Industrial Tribunal - Cochin	2016	Next date of hearing awaited for filing WS. The case is posted at COK on 23.07.2018. Further adjourned to 24.09.2018	Ms Menon & Pai	Whether AIATSLS Management has denied the entitled benefits of their contractual employees as alleged by the Union? To what benefit they are entitled to get?		NIL	Next date of hearing awaited for filing WS. The case is posted at COK on 23.07.2018. Further adjourned to 24.09.2018
Personnel	31	AIATSLS vs Aviation contractual employees Association	ID NO. 9/2016	Industrial Tribunal - Cochin	2016	The case is posted at COK on 23.07.2018. Further adjourned to 24.09.2018	Ms Menon & Pai	Whether the action of AIATSLS Management in denying the opportunity to the members of the AIATSLS to participate in the interview for Station Coordinators in AIATSLS as they were possessing requisite qualification and experience is justifiable? To what relief the Union/Workmen is entitled to?		NIL	Next date of hearing 24.09.2018
Personnel	32	AIATSLS vs Aviation contractual employees Association	ID NO. 10/2016	Industrial Tribunal - Cochin	2016	The case is posted at COK on 23.07.2018. Further adjourned to 24.09.2018	Ms Menon & Pai	Whether the action of the AIATSLS Management unilaterally curtailing existing rules and regulations pertaining to the various benefits extended to the contractual employees is justifiable? To what relief the Union/Workmen are entitled to?		NIL	Next date of hearing is 24.09.2018
Personnel	33	AIATSLS vs Aviation contractual employees Association	ID No. 23/2016	Industrial Tribunal - Cochin	2016	Last date was 30.08.2017. Next date of hearing awaited - for filing statement of claim by union	Ms Menon & Pai	Whether the action of management of AIATSLS, Cochin in implementing the six days shift pattern is justified? If not, what relief the Workmen concerned are entitled to?		NIL	Next date of hearing awaited



Pending Litigation Cases - AIR INDIA AIR TRANSPORT SERVICES LTD.

Department	Sr. No.	Name of the Parties	Case No	Name of the Court	Date of filing	Date of Next Hearing	Name of Lawyer	Brief Description not more than 50 words	If financial Implication > INR 1 crore indicate "high value"	Financial Impact	Current Status on the Case/Matter
GSD	34	AIATSL vs Aviation contractual employees Association	ID No. 37/2014	Industrial Tribunal - Cochin	2014	Next date of hearing awaited - for filing Rejoinder 03.08.2018. Next date is 09.10.2018 by Union	M/s Menon & Pai	Whether the action of the AIATSL Management in including 7 ramp supervisors at CIAL through an outsourcing agency and thereby denying promotion to the existing qualified and experienced senior Ramp Agents of the company correct? To what relief the concerned workmen are entitled to?	NIL	NIL	Next date of hearing is 09.10.2018
Personnel	35	Sanu A.V & 16 others V. Union of India & others.	WP(C)No.41351/2017	High Court Cochin	2017	Next date of hearing awaited - for filing affidavit. Came up for further consideration on 14.09.2018 and Judge posted the case after two weeks for hearing.	M/s Menon & Pai	Engaging into AIATSL	NIL	NIL	Came up for further consideration on 14.09.2018 and Judge posted the case after two weeks for hearing.
Personnel	36	Airline Casual Employees Association & 54 others V. Union of India & 6 others.	WP(C)6766/2018	High Court Cochin	2018	Interim order dated 28.02.2018 issued. Next date of hearing awaited	M/s Menon & Pai	Interim order passed directing not to terminate the services of Petitioners in case they accept transfer to AIATSL. They joined in AIATSL but vakalatnama was signed. Advocate informed that the case is between AI & Casuals and AIATSL role is very limited in this case.	NIL	NIL	All C/Laouers joined in AIATSL on Fixed Term Contract
Finance	37	Case No 269 / 2017 Kerala Police Official Ms Khullar Hospitality and AIATSL	Case No 269 / 2017 JM - Court Kerala Police Official Ms Khullar Hospitality and AIATSL	JM - Court	2017	Investigations are in progress. Case not yet came for hearing.	M/s Menon & Pai	PF & ESC Matter - Investigation is going on. Chargesheet to be filed.		Rs.28 Lakhs approx	Investigation are in progress.



**MANAGEMENT REPLIES TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL  
STATEMENT OF AIR INDIA AIR TRANSPORT SERVICES LTD.  
FOR THE FINANCIAL YEAR 2017-18**

Sl.No.	Audit Observations	Management Reply
	Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.	This is a statement of Fact
	We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.	
	We conducted our audit of standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.	This is a statement of Fact
	An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.	This is a statement of Fact
	We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone Ind AS financial statements.	This is a statement of Fact



Sl.No.	Audit Observations	Management Reply
1	<p><b><u>Basis for Qualified Opinion</u></b></p> <p><i>During the year inventories (GSD Spares) are transferred from Air India Limited to the company refer Annexure I, point 2. Thus Inventories and payables are overstated by INR 706 lakhs.</i></p>	<p>Even though Air India has transferred GSD spares worth Rs.1498 lakhs, as per confirmation from Regional Manager-GH's spares worth INR 792 lakhs accepted and entry for consumption of stock during period July 2017 to March 2018 identified and booked. As regards the balance amount the same needs to be ascertained with AI balance under verification/reconciliation.</p>
2	<p><i>Non reconciliation /confirmation of statutory dues such as TDS, PF, PT, GST, ESIC, etc. Refer Note 34. Impact of the same on the accounts is not ascertainable.</i></p>	<p>Reconciliation of Statutory Dues is under process.</p>
	<p><b><u>Qualified Opinion</u></b></p>	
	<p>In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2018, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.</p>	
	<p><b><u>Emphasis of Matters</u></b></p>	
	<p>We draw attention to the following matters in the Notes to the financial statements:</p>	
1	<p><i>During the year, certain Income and Expenditure have been transferred from Air India Limited (AIL) to the Company. Details of such Income and Expenditure transferred from AIL are mentioned in note no.31 forming part of accounts.</i></p>	<p>The transfers have been done by Stations / Regions and all the supporting and related documents are available at the respective stations for verification.</p>
2	<p>Notes forming part of account to the standalone Ind AS Financial Statement, Company has not followed Reverse charges provision of GST as per section 9(3) and 9(4) of CGST Act, on Legal fees paid and on Hire of Transport and on services rendered by unregistered dealer which was applicable up to 13/10/2017. Also in</p>	<p>Reconciliation of GST is in progress and under finalisation stage which will take care of Reverse Charge as well as charging of CGST/SGST/IGST.</p>



Sl.No.	Audit Observations	Management Reply
	certain instances, it is observed that instead of CGST/SGST, IGST is charged no proper control/identification of the same.	
3	<b>Confirmation of certain receivables, payables (including debtors, creditors, staff related accounts) are under reconciliation. Refer Note No. 34. Impact of the same on the accounts is not ascertainable.</b>	Reconciliation with financial records have been completed and the Company has already sought the confirmation of balances from Vendors.
	Our opinion is not modified in respect of these matters.	
	<b>Other Matters</b>  The Company has charged interest on outstanding balances to Alliance Air on daily basis after considering the credit period on invoice, which is deviating from the policy adopted for charging interest to other group companies.	This is a statement of Fact.
	Our opinion is not modified in respect of above matters.	
	<b>Report on Other Legal and Regulatory Requirements</b>	
1	As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government, MCA in terms of Section 143(11) of the Act, we give in the <b>Annexure A</b> , a statement on the matters specified in paragraphs 3 and 4 of the Order.	This is a statement of Fact
2	As required by Section 143(3) of the Act, we report that:	
	a) We have sought and obtained all the information and explanations except for the matters described in the Basis for Qualified Opinion paragraph, which to the best of our knowledge and belief were necessary for the purpose of our audit;	This is a statement of Fact
	b) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.	This is a statement of Fact
	c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement and Statement of	This is a statement of Fact



Sl.No.	Audit Observations	Management Reply
	Changes in Equity dealt with by this Report are in agreement with the books of account;	
	d) Except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.	
	e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an financial impact on the Company.	
	f) Section 164 (2) of the Companies Act, 2013, Disqualification of directors is not applicable to the Government Company, vide Notification No. GSR 463(E) dated 5 <sup>th</sup> June, 2015.	
	g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.	
	h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.	
	i) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 (as amended), in our opinion and to the best of our information and according to the explanations given to us:	
	i) The Company has not disclosed the impact of pending litigations on its financial position and in its standalone Ind AS financial statements as on balance sheet date.	The financial impact of pending litigation is not ascertainable, however pending litigations are constantly monitored by Senior Executives. The details of pending litigations have been annexed as per Table A.
	ii) The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.	This is a statement of Fact.



Sl.No.	Audit Observations	Management Reply
	iii) The clause for transfer of an amount to the Investor Education and Protection fund by the Company is not applicable.	This is a statement of Fact
	j) As required by Section 143(5) of the Act, we give in <b>Annexure – I</b> , a Statement on the Matters specified by the Comptroller and Auditor General of India for the Company.	



## Annexure A to the Independent Auditor's Report

Sl.No.	Audit Observations	Management Reply
	The Annexure referred to in paragraph 1 of the Our Report of even date to the members of <b>Air India Air Transport Services Ltd. (AIATSL)</b> on the accounts of the company for the year ended 31st March, 2018.	
	On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:	
1(a)	<b><i>Company is maintaining records available in books of accounts as their Fixed Assets register. Fixed Assets register with proper records showing full particulars, including quantitative details and location of fixed assets, is not maintained.</i></b>	This is a statement of Fact.
1(b)	<b><i>As per Company's policy, Physical Verification of Assets is to be done on a rotational basis so that every asset is verified in every two years. Management has not physically verified the fixed assets from last 4 years. During the financial year 2017-18, an external chartered accountant firm had been appointed to conduct the physical verification. Report of the same is under finalization.</i></b>	This is statement of fact.
1(c)	Company is not holding any immovable property hence clause is not applicable.	This is a statement of Fact.
2.	<b><i>During the year GSD Spares has been transferred by Air India Limited and accounted by the company amounting to INR 1498 lakhs. Out of the same, the Company (ground handling department) had accepted Spares of book value INR 792 lakhs and the company informed to us that the remaining inventories are returned back to the AIL. However the confirmation of the same is not yet received. These Spares were not physically verified by the Company. Physical verification as on year end had not being conducted.</i></b>	This is a statement of Fact.
3.	As per the verification of records, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the provisions	This is a statement of Fact.





Sl.No.	Audit Observations	Management Reply
	of clauses 3(iii) (a) and (b) of the order are not applicable to the Company.	
4	In our opinion and according to the information and explanations given to us, section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security are not applicable to the Company.	This is a statement of Fact.
5	Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.	This is a statement of Fact.
6	<b><i>As per the provision of section 148 sub - section (1) of the Companies Act, 2013 and central government notification maintenance of cost records and Cost Audit is applicable to the Company. The Company has appointed the Cost Auditor but the cost records are yet to be provided.</i></b>	The Cost Audit has been completed and the draft audit report has been submitted.
7	(a) According to the records of the company, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Goods and Service Tax, Custom Duty, Excise Duty, Value added Tax, cess to the extent applicable and any other statutory dues have generally been regularly deposited with the appropriate authorities. <b><i>Since Books does not matches with Returns filed, the dues outstanding for more than six months from the date they became payable are unable to detect.</i></b>	This is a statement of Fact.
	(b) According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, customs duty, GST and excise duty which have not been deposited on account of any disputes.	This is a statement of Fact.
8.	Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.	This is a statement of Fact.



Sl.No.	Audit Observations	Management Reply
9.	Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.	This is a statement of Fact.
10.	Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by Company or on the company by its officers or employees has been noticed or reported during the year.	This is a statement of Fact.
11.	Provisions of section 197 read with Schedule V to the Companies Act 2013 are not applicable for the Government Company hence clause is not applicable;	This is a statement of Fact.
12.	In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.	This is a statement of Fact.
13.	Since section 188 is not applicable to Government Company hence this clause is not applicable.	This is a statement of Fact.
14.	Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.	This is a statement of Fact.
15.	Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.	This is a statement of Fact.
16.	In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.	This is a statement of Fact

**Annexure B to the Independent Auditor's Report**

<b>Sl.No.</b>	<b>Audit Observations</b>	<b>Management Reply</b>
	<p><b>Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)</b></p> <p>We have audited the internal financial controls over financial reporting of Air India Air Transport Services LTD. (AIATSL) (“the Company”) as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.</p>	
	<p><b>Management’s Responsibility for Internal Financial Controls</b></p>	
	<p>The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.</p>	
	<p><b>Auditors’ Responsibility</b></p>	
	<p>Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate</p>	



Sl.No.	Audit Observations	Management Reply
	<p>internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.</p>	
	<p>We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls system over financial reporting.</p>	
	<p><b>Meaning of Internal Financial Controls over Financial Reporting</b></p>	
	<p>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that</p> <ol style="list-style-type: none"> <li>(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;</li> <li>(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and</li> </ol>	



Sl.No.	Audit Observations	Management Reply
	(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	
	<b>Inherent Limitations of Internal Financial Controls over Financial Reporting: -</b>  Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	
	<b>Qualified Opinion</b>	
	According to the information and explanations given us and based on our audit, the following material weaknesses have been identified as at March 31, 2018:  <b>a. The Company's internal financial control system over financial report does not adequately consider risk assessment, which is one of the essential components of internal control, with regard to the potential for fraud when performing risk assessment.</b>	The company is in continuous process of strengthening its internal control process and the Company is in process of defining the appropriate internal Financial Control System.
	<b>b. Standard Operating Procedures (SOP) for all the department/process have not been drafted and documented except the Brief Process Notes based on which the work flow is carried out.</b>	Standard Operating Procedures for different departments/process is under preparation.
	<b>c. In the Master updation by personnel department there is weakness observed due to manual controls, so there are high chances of error, omission, excess, short payments.</b>	The Company is in process of streamlining the process.



Sl.No.	Audit Observations	Management Reply
	d. <b><i>The Company has not defined it's Organization Structure and documented the Job description for the employees.</i></b>	The job description with designation of permanent employees of AIATSL is available with Air India. For FTC Staff, there are separate job description with designation is available with HR-AIATSL.
	e. <b><i>The Delegation of powers is not reviewed frequently by the company.</i></b>	The Delegation of power is under review.
	f. <b><i>The Company does not have an effective information system audit to evaluate and test the IT general controls, which may affect the completeness, accuracy and reliability of the reports generated from the IT system. As explained to us the department of IT – Air India (the Holding Company) controls all the IT related activities.</i></b>	This is a statement of fact. Noted for future compliance.
	g. <b><i>The backup of local systems are not taken regularly and data is not stored on servers. The LAN concept is not in use. The USB drives are open. The SAP data is maintained at Air India Servers. The Network Diagram is not available. The IT controls are weak.</i></b>	The mail IT system used by the company are SAP and Email, which are maintained by the Holding company under its IT Policy and used by the company on cost sharing basis. The back up and security of data stored in servers are also maintained by the holding company.
	h. <b><i>The SAP logins are shared by the users. The maker checker process is not followed. The person who is entering the transaction only posts the transaction.</i></b>	Due to shorage of adequate staff, the mater and checker system could not be used efficiently, however process to identify and implement maker/checker system is in progress.
	i. <b><i>As per the Policy of the Company Physical Verification of Fixed Assets should be done once in a two year but since the hiving off the Business from AIL to AIATSL no such Physical verification has happened.</i></b>	During the financial year 2017-18, an external chartered accountant firm had been appointed to conduct the physical verification. Report of the same is under finalization.
	j. <b><i>Based on our testing of identified controls by management the following deficiencies were observed in processes as mentioned below:</i></b>	
	<b>1 REVENUE</b>  (a) MBS software which is used for billing to Airlines does not have the Maker Checker controls for creation of masters. However, for raising of Invoices, the Maker - Checker controls	Due to shorage of adequate staff, the mater and checker system could not be used efficiently, however process to identify and implement maker/checker system is in progress.





Sl.No.	Audit Observations	Management Reply
	is not being followed by Western Region.	
	(b) Issue and maintenance of RA Form is decentralized as a result of which the format of RA form used is different across all the regions, also printing and serial number of the same is not standard.	Standard format of RA Form (has been developed) is being developed and distributed to all the Regions with serial number printed on it.
	(c) No standard time limit is defined for sending the accepted RA Forms by duty manager to Billing department nor has any responsibility been defined for the task. Consequently considerable time gap between the services provided and invoices raised was observed.	Necessary steps have been taken to issue suitable direction to all concerned to forward RA forms on timely basis to Billing Section, The company is also exploring the automation of the Billing System.
	(d) Though invoicing cycle is defined by management the same is not followed by billing department due to delay in receipt of RA forms.	Necessary steps have been taken to issue suitable direction to all concerned to forward RA forms on timely basis to Billing Section, The company is also exploring the automation of the Billing System.
	(e) Reconciliation of RA forms issued with flights scheduled is not done in Western regions for tracking revenue leakages.	Necessary steps have been taken to issue suitable direction to all concerned to forward RA forms on timely basis to Billing Section, The company is also exploring the automation of the Billing System.
	(f) Arithmetical inaccuracy was observed in various invoices issued from MBS software. Consequently instances of Excess/Short Billing were observed showing material weakness in the process of Invoicing.	Necessary steps have been taken to issue suitable direction to all concerned to forward RA forms on timely basis to Billing Section, The company is also exploring the automation of the Billing System.
	(g) All the invoices are not raised through MBS. Regions are following the separate set of practices. Manual invoice raising is also observed. Invoice format is also not unique. Also some of the Mandatory fields are missing in the Invoice format. Invoicing system needs strong Automated Control.	Automated Control for invoicing with standard set of practice is being adopted and is in progress.
	(h) The Logins in the MBS are shared inappropriately. The Appropriate Logs are also not available.	Providing appropriate Logins to all concerned is in progress.



Sl.No.	Audit Observations	Management Reply
	(i) In case of Group Company RA forms are not prepared and the invoices are raised based on IOCC data (IOCC maintained by Parent Company).	This is a statement of Fact. Once Automated system is adopted which is in progress, even billing to Group Companies will be done based on automated system
	(j) Rates decided in MOU with AIL is not supported by any basis of working.	The Rates agreed in MOU with AIL are based on internal working and mutual understanding with commercial consideration.
	(k) Though interface from MBS to SAP is automated in certain cases missing fields are observed as a result of which bills are not automatically booked in the SAP.	System is being modified to book all invoices of MBS into SAP system.
	(l) Galaxy system used for creating TSP Receipts in cargo complex is not automated, certain details in the same are always to be entered manually.	System is being modified to correct and automated TSP Receipts.
	(m) TSP receipts can be created by any officer in the department the same is not segregated based on authority.	This is a statement of fact. Comments noted for compliance.
	(n) Since there is shortage of staff in the department, there are chances of custom penalties to be levied on AIATSL due to non-compliance of procedures on timely basis.	Company is in process of augmenting the staff strength. However with the available staff strength, all care is taken to ensure timely compliance of procedure and as a result, till date no such penalties have been levied.
	(o) Transferring of data from galaxy into SAP is not automated for booking of revenue related to import/Export.	The option is being looked into as the system modification is involved. Alternate solutions are also being looked into.
	<b>2. HUMAN RESOURCES</b>	
	(a) Company does not have the detail Policy / Standard Operating Procedure for HRD. Notes are issued with the approvals of management as and when required for policies.	The policy of Holding Company is applicable for permanent employees of AIATSL. As regards FTC, notes are issued with the approval of management.
	(b) Company does not have an Automated Control for Attendance and payroll, in spite of the large employee strength. Also the standard manual attendance process is not followed across the departments.	Strict control for Attendance is maintained by the respective Divisional Heads by maintaining Muster Register and Punching cards in various sections. As regards Automated Control for Attendance (Bio-





Sl.No.	Audit Observations	Management Reply
		metric system), Air India has purchased a system for all the employees of AIATSL including FTC Staff. However, considering delay in implementation of bio-metric machine by Air India at all locations, AIATSL has installed Bio-metric system at BOM GSD Complex. Based on performance, same will be implemented at all locations.
	(c) Company does not maintains the records for late mark, early going, so consequently non deduction from salary.	Once the bio-metric system is installed at all locations, these issues will be taken care by the system.
	(d) Process of payroll is not automated and involves manual inputs from all the departments.	Linking of the bio-metric system with SAP will automate the process until such time manual inputs will have to be carried out.
	(e) Insertion / Updation of Master data base in the SAP is not having the checker-maker tool leads to wrong/excess/short payments of Salaries.	Master updation for checker-maker concept will be implemented.
	<b>3. <u>ACCOUNTS AND FINANCE</u></b>	
	(a) List of users in the SAP and their rights are not available.	Defining rights of SAP users is in progress.
	(b) Maker-Checker tool is not followed in the SAP.	Process to identify and implement maker/checker system is in progress.
	(c) There is no process to identify dormant/inactive GL accounts and no review of the same is done by appropriate authority.	The GL accounts are defined based on the requirement of Parent Company
	(d) Reversals of journal entries are not supported by appropriate documented approvals.	Approvals are always there, however, will ensure to document the same
	(e) Posting of Journal Vouchers are supported by appropriate documented approvals in many cases.	This is a statement of fact
	(f) Some of the cases it is also noted Direct Bank entry is passed instead of Rotating through the Party/ Vender Ledger. Control cannot be established.	Corrective action is being initiated.



Sl.No.	Audit Observations	Management Reply
	(g) The company does not have an appropriate internal control system for obtaining confirmation of balances on a periodic basis and reconciliation of unmatched Receivables and Payables.	This is a statement of fact. However, confirmation from all vendors and customers are in progress.
	(h) Air India Limited (Parent Company) has been debiting expenses and crediting some revenue without any supporting documents. There is no way by which this expenses/revenue can be verified by the Company.	The transfers have been done by Stations / Regions and all the supporting and related documents are available at the respective stations for verification
	(i) Reconciliation of transactions with group companies is done only on year end instead the same should at least be done monthly/quarterly with review of appropriate authority.	This is a statement of fact and comments noted for compliance.
	(j) Policy of petty cash is not standard across all the regions, the same should be standardized.	This is a statement of fact and comments noted for compliance.
	(k) Cut off procedures are followed only on year end. However due to the implementation of GST the same should be done on monthly basis and proper review of the same should be done by appropriate authority.	This is a statement of fact and comments noted for compliance.
	(l) Provisioning process is followed on year end basis instead of month to month basis.	This is a statement of fact and comments noted for compliance.
	(m) There is no standard process for identifying contingent liabilities and quantifying the same for proper disclosure in financial statements.	This is a statement of fact and comments noted for compliance.
	(n) The working capital cycle of receipts from services provided to the Subsidiary companies the billing is regular but the receipts are not on timely manner.	Have taken up with Group Companies for timely settlement
	(o) In case of Insurance only premium amount is debited to the Company by Air India Limited (AIL), no proper justification of the same is available	Details are available with our Parent Company.



Sl.No.	Audit Observations	Management Reply
	with the Company for the assets insured.	
	(p) Scrap Sales are there but the same is not removed from the Fixed Asset Register in lack of proper records.	The same has been carried out.
	(q) No documented process of scrutiny of general ledgers by appropriate authority is in place.	This is a statement of fact and comments noted for compliance.
	(r) Tax Audit for the FY 2016-17 is not yet completed.	Tax Audit for FY 2016-17 has been completed.
	(s) Statutory Returns (GST, TDS, PF, PT, ESIC, etc.) and Books under reconciliation.	This is a statement of fact.
	<b>4. PROCUREMENTS</b>	
	(a) Purchase orders are issued manually instead of using SAP.	This is a statement of fact.
	(b) GRN is not issued for any procurement in any department.	Although GRN is not issued, payments are effected on the basis of certification of quantity received.
	(c) There is no process of reviewing credit period offered to AIATSL by various vendors.	The payments are effected after considering the credit period.
	(d) Process of forwarding procurement invoices to finance department is not defined.	Although no specific process is defined, the invoices are forwarded to Finance duly certified by User Department and approved for payment action.
	(e) Cost of Asset derived by Manager Finance is capitalized without being approved by appropriate authority.	This is a statement of fact and comments noted for compliance.
	(f) SAP code and details of fixed assets procured punched in by manager finance is not approved by appropriate authority.	Capital procurement for any asset to be capitalised, the SAP codes have to be requested by Finance and the procureent of assets are all approved by Competent Authority
	(g) Depreciation run in SAP is automated since the master is not updated w.r.t. rates the same is re-run for accounting the difference between the old and new rates.	This is a statement of fact and necessary steps have been taken to update the masters in SAP.



Sl.No.	Audit Observations	Management Reply
	<b>5. OTHERS</b>  <b>(a)</b> The Company has not documented and approved Business Continuity Plan/Disaster Recovery Plan.	This is a statement of Fact
	A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual financial statements will not be prevented or detected on a timely basis.	
	In our evaluation, except for the above effects /possible impacts of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.	



### Annexure C to the Independent Auditor's Report

Sl.No.	Directions U/s 143(5) of the Companies Act 2013	Auditor's Comments	Impact on Financial Statements	Management Reply
	<b>Reporting in Compliance with the Directions/sub-Directions received from Comptroller and Auditor General of India.</b>			
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process."	The company has been selected for Disinvestment, in view of the NITI Aayog recommendations on the Disinvestment of Air India Ltd and followed by the recommendation of the Core group of secretaries on disinvestment (CGD)., the Cabinet Committee on Economic Affairs (CCEA) has given an 'in-principle' approval for considering the strategic Disinvestment of Air India Ltd, five of its subsidiaries (which includes AIATSL) and a joint venture in its meeting held on 28th June 2017.CCEA has also approved the constitution of an Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic Disinvestment. As of date, Transaction Advisor, Legal Advisor and asset valuer have been appointed to carry forward the process of Disinvestment.	Nil	This is a statement of Fact
2	Whether Company has clear title/lease deeds for freehold and leasehold respectively? if not please state the area of freehold and leasehold land for which title/lease deeds are not available?	<b>Company does not possess any freehold or leasehold Premises/Land.</b>	Nil	This is a statement of Fact
3	Please report whether there are any cases of waiver/write off of debts/loans/ interest etc., if yes, the reasons therefore and the amount involved.	<b>No such waiver/write off observed.</b>	Nil	This is a statement of Fact



## Annexure C to the Independent Auditor's Report

Sl.No.	Directions U/s 143(5) of the Companies Act 2013	Auditor's Comments	Impact on Financial Statements	Management Reply
4	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	<b>As informed to us, during the year no such inventory lying with third parties &amp; no such assets received as gift from Govt. or other authorities.</b>	Nil	This is a statement of Fact
5	A report on age-wise analysis of pending legal/ arbitration cases including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases(foreign and local) may be given.	<b>As informed to us, there are 37 pending legal/ arbitration cases. Details of the cases are attached in Table A.</b>		This is a statement of Fact

**BALANCE SHEET AS AT MARCH 31, 2018****(Amount in Rupees)**

Particulars	Note Ref	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
<b>ASSETS :</b>				
<b>1. Non-current Assets</b>				
(i) Property, Plant & Equipment	2	2,665,260,215	1,762,507,369	1,37,78,43,295
(ii) Financial assets:				
a) Others				
(iii) Income Tax Assets	4	1,015,846,448	1,060,542,123	70,99,82,816
(iv) Deferred Tax Assets (net)	10	5,777,504	25,289,411	11,51,24,668
(v) Other Non-Current Assets		-	-	
<b>2. Current Assets</b>				
(i) Inventories	5	136,752,440		
(ii) Financial assets:				
a) Trade Receivables	6	3,148,651,968	3,026,770,749	2,76,11,53,457
b) Cash and Cash equivalents	7	228,404,569	173,751,138	55,10,61,084
c) Bank balances other than (b) above		-	-	-
d) Others	3	9,216,980	37,460,258	1,43,14,301
(iii) Current Tax Assets				
(iv) Other Current Assets	5	226,665,894	331,567,442	11,28,77,265
<b>Total Assets</b>		<b>7,436,576,019</b>	<b>6,417,888,489</b>	<b>5,64,23,56,886</b>
<b>EQUITY AND LIABILITIES :</b>				
<b>1. Equity</b>				
a) Equity Share Capital	8	1,384,242,000	1,384,242,000	1,38,42,42,000
b) Other Equity	9	671,093,956	42,058,937	-10,84,71,958
<b>2. Liabilities :</b>				
(i) <b>Non-current Liabilities</b>				
a) <b>Finacial Liabilities</b>				
i) Other	11	2,555,000	3,070,000	30,70,000
b) Provisions	12	3,211,264,484	3,034,105,332	2,78,86,71,990
c) Other non Current Liabilities				
(ii) <b>Current Liabilities</b>				
a) <b>Finacial Liabilities</b>				
i) Trade Payables	13	125,817,232	488,093,963	31,58,70,970
ii) Other	11	1,492,411,705	1,161,199,271	83,71,66,503
b) Provisions	12	361,788,766	231,997,060	36,39,73,660
c) Other Current Liabilities	14	187,402,877	73,121,926	5,78,33,721
<b>Total Equity &amp; Liabilities</b>		<b>7,436,576,019</b>	<b>6,417,888,489</b>	<b>5,64,23,56,886</b>

As Per Our Report Of Even Date Attached

For and on behalf of

**Jain & Jain**Chartered Accountants  
FRN : 103869W

Sd/-

**CA Jimmy Sheth**

Partner (M.No. 122280)

Place: Delhi

Date : 6th November 2018

For and on behalf of the Board of Directors

Sd/-

**(Pradeep Singh Kharola)**Chairman  
DIN : 05347746

Sd/-

**(J.V. Ravi Kumar)**

Chief Financial Officer

Sd/-

**(Vinod Hejmedi)**Director  
DIN : 07346490

Sd/-

**(Capt. A.K.Sharma)**

Chief Executive Officer

Sd/-

**(Poonam Bharwani)**

Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**  
(Amount in Rupees)

Particulars	Note Ref	2017-18	2016-17
I. Revenue from Operations (Gross):			
Less : Excise Duty			
- Revenue from Handling Services	15	6,455,743,174	5,920,329,628
II. Other Income:	16	223,834,414	266,829,539
III <b>Total Revenue (I + II )</b>		<b>6,679,577,588</b>	<b>6,187,159,167</b>
IV. Expenses:			
Employee Benefit Expenses	17	4,573,867,178	4,307,180,668
Finance Cost	18	-	-
Depreciation and Amortisation	19	248,747,914	192,031,126
Other Expenses	20	635,471,857	1,170,184,680
<b>Total Expenses</b>		<b>5,458,086,949</b>	<b>5,669,396,474</b>
V <b>Profit Before exceptional items and Tax (III-IV)</b>		<b>1,221,490,639</b>	<b>517,762,692</b>
VI. Exceptional Items		-	-
Prior Period Adjustments (Net)		-	-
IX <b>Profit Before Tax (VII-VIII)</b>		<b>1,221,490,639</b>	<b>517,762,692</b>
X. Tax Expense			
1. Current Tax		491,496,610	192,500,000
2. Short/ (Excess) Provision of Tax		-	-
3. Deferred Tax Liability / (asset)		19,511,907	89,835,257
XI. <b>Profit For the period from Continuing Operations (IX-X)</b>		<b>710,482,122</b>	<b>235,427,436</b>
XV. <b>Profit For the period ( XIV+XI)</b>		<b>710,482,122</b>	<b>235,427,436</b>
IX. <b>Other Comprehensive Income</b>			
a. Acturial Gain/(loss) on defined benefit obligation		(81,447,103)	(84,896,541)
X <b>Total Comprehensive Income for the year</b>		<b>629,035,019</b>	<b>150,530,895</b>
XI. <b>Earning per Equity Share</b>			
<b>Basic</b>		<b>5.13</b>	<b>1.70</b>
<b>Diluted</b>		<b>5.13</b>	<b>1.70</b>

**Significant Accounting Policies and** 1  
**Notes forming part of the Financial Statement** 2-52

The accompanying notes are an integral part of the Financial Statements.  
This is the statement of Profit and Loss referred to in our report of even date.

As Per Our Report Of Even Date Attached

For and on behalf of  
**Jain & Jain**  
Chartered Accountants  
FRN : 103869W

Sd/-  
**CA Jimmy Sheth**  
Partner (M.No. 122280)  
Place: Delhi  
Date : 6th November 2018

For and on behalf of the Board of Directors

Sd/-  
**(Pradeep Singh Kharola)**  
Chairman  
DIN : 05347746

Sd/-  
**(J.V. Ravi Kumar)**  
Chief Financial Officer

Sd/-  
**(Vinod Hejmedi)**  
Director  
DIN : 07346490

Sd/-  
**(Capt. A.K.Sharma)**  
Chief Executive Officer

Sd/-  
**(Poonam Bharwani)**  
Company Secretary





# STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2018

(Figures in Million)

A. Equity Share Capital	As at 31.03.2018		As at 31.03.2017		As at 01.04.2016	
	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees	No. of Shares	Amount in Rupees
Balance at the beginning of the reporting period	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000
Changes in the Equity Share Capital during the						
Add :	-	-	-	-	-	-
Less :						
Balance at the end of reporting period	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000

(Rupees in Million)

B. Other Equity	Retained Earnings	Other Comprehensive Income	Total
<b>Balance as at 31.03.2017</b>	126,955,478	-84,896,541	42,058,937
Add/Less: Prior Period Adjustments	-	-	-
<b>Restated Profit / Loss as at 31.03.2017</b>	126,955,478	-84,896,541	42,058,937
Profit for the year	710,482,122	-81,447,103	629,035,019
Other comprehensive income for the year			-
<b>Balance as at 31.03.2018</b>	<b>837,437,600</b>	<b>-166,343,644</b>	<b>671,093,956</b>
<b>Balance as at 31.03.2016</b>	1,918,328,879		1,918,328,879
Add/Less: Prior Period Adjustments	-2,026,800,836		-2,026,800,836
<b>Restated Profit / Loss as at 31.03.2016</b>	-108,471,958		-108,471,958
Transferred during the Year	235,427,436	-84,896,541	150,530,895
Other comprehensive income for the year			
<b>Balance as at 31.03.2017</b>	<b>126,955,478</b>	<b>-84,896,541</b>	<b>42,058,937</b>

As Per Our Report Of Even Date Attached

For and on behalf of  
**Jain & Jain**  
Chartered Accountants  
FRN : 103869W

Sd/-  
**CA Jimmy Sheth**  
Partner (M.No. 122280)  
Place: Delhi  
Date : 6th November 2018

For and on behalf of the Board of Directors

Sd/-  
**(Pradeep Singh Kharola)**  
Chairman  
DIN : 05347746

Sd/-  
**(J.V. Ravi Kumar)**  
Chief Financial Officer

Sd/-  
**(Vinod Hejmedi)**  
Director  
DIN : 07346490

Sd/-  
**(Capt. A.K.Sharma)**  
Chief Executive Officer

Sd/-  
**(Poonam Bharwani)**  
Company Secretary



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2018

(Amount in Rupees)

Particulars	2017-18		2016-17	
<b>A Cash Flow From Operating Activities</b>		<b>1,221,490,639</b>		<b>517,762,692</b>
Net Profit Before tax				
Adjustments for:				
Depreciation / Amortisation	<b>248,747,914</b>		192,031,126	
Interest Received on Tax Refund	-		-	
Preliminary Expenses written off	-	<b>248,747,914</b>	-	192,031,126
<b>Operating profit before working capital changes</b>		<b>1,470,238,553</b>		<b>709,793,819</b>
(Increase) / Decrease in Trade Receivables	<b>(121,881,219)</b>		(265,617,292)	
(Increase) / Decrease in Other Current Assets	<b>(3,607,615)</b>		(241,836,134)	
Increase / (Decrease) in Provisions	<b>306,950,858</b>		113,456,742	
Increase / (Decrease) in Current Liabilities and Trade Payables	<b>82,701,654</b>	<b>264,163,678</b>	511,543,967	117,547,283
		<b>1,734,402,230</b>		<b>827,341,102</b>
<b>Cash Generated from Operations</b>				
Income Tax Paid (net of refund)		<b>(528,248,039)</b>		(627,955,847)
<b>Net Cash from Operating Activities</b>		<b>1,206,154,191</b>		<b>199,385,255</b>
<b>B Cash Flow From Investing Activities</b>				
Purchase of fixed assets		<b>(1,151,500,760)</b>		(576,695,202)
<b>Net Cash From Investing Activities</b>		<b>(1,151,500,760)</b>		<b>(576,695,202)</b>
<b>C Cash Flow From Financing Activities*</b>				
Net (Decrease)/Increase in Cash or Cash Equivalents				
<b>Cash and Cash Equivalents</b>		<b>54,653,431</b>		<b>(377,309,947)</b>
- at the beginning of the year		<b>173,751,138</b>		551,061,084
- at the end of the year		<b>228,404,569</b>		173,751,138
		<b>54,653,431</b>		<b>(377,309,947)</b>
<b>Component of Cash and Cash Equivalents</b>				
Cash on hand		<b>65,610</b>		30,059
Balance in Current Account		<b>228,175,449</b>		173,721,079
Other Deposit Account		<b>163,510</b>		
		<b>228,404,569</b>		<b>173,751,138</b>

Significant Accounting Policies and Explanatory Notes form an integral part of the Financial Statements.

As Per Our Report Of Even Date Attached

For and on behalf of  
**Jain & Jain**  
Chartered Accountants  
FRN : 103869W

Sd/-  
**CA Jimmy Sheth**  
Partner (M.No. 122280)  
Place: Delhi  
Date : 6th November 2018

For and on behalf of the Board of Directors

Sd/-  
**(Pradeep Singh Kharola)**  
Chairman  
DIN : 05347746

Sd/-  
**(J.V. Ravi Kumar)**  
Chief Financial Officer

Sd/-  
**(Vinod Hejmedi)**  
Director  
DIN : 07346490

Sd/-  
**(Capt. A.K.Sharma)**  
Chief Executive Officer

Sd/-  
**(Poonam Bharwani)**  
Company Secretary

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2018****NOTE "1"****A. CORPORATE INFORMATION**

Air India Air Transport Services Limited is a subsidiary of Air India Limited. Consequent to the hiving-off of handling activities by Air India Ltd., the Company has been entrusted with the provisioning of Ground Handling and other handling related activities within India (excluding Bangalore, Delhi, Hyderabad, Mangalore and Trivandrum) to Air India and its Group Companies, as also 3<sup>rd</sup> party airlines operating into India.

**B. ACCOUNTING CONVENTION**

- i) In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1<sup>st</sup> April 2016. Previous period numbers in the consolidated financial statements have been re-stated to Ind AS. These financial statements are the first financial statements of the Group which have been prepared in accordance with Ind AS. In accordance with Ind AS 101 First time adoption of Indian Accounting Standard, the Group has presented a reconciliation from the presentation of the financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2016 (Previous "GAAP") to Ind AS in respect of consolidated shareholders' equity as at March 31<sup>st</sup>, 2017 and of the cash flows for the year ended March 31<sup>st</sup>, 2017.
- ii) The Financial Statements have been prepared on going concern concept on accrual basis (except as specifically stated) under historical cost convention, and are in compliance with generally accepted accounting principles and the Accounting Standards notified under the Section 133 of the Companies Act 2013 read with Rule 7 of the Companies (Accounts) Rules 2014.
- iii) The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Differences between the actual results and estimates are recognized in the period in which results are known / materialized.
- iv) The Company being in service sector, there is no specific operating cycle; 12 months period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013.

**C. SIGNIFICANT ACCOUNTING POLICIES****1. FIXED ASSETS**

- a) Assets are recorded at cost of acquisition or construction. Cost of acquisition comprises of its purchase price including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use. Trade discounts and rebates, if any, are reduced in arriving at the purchase price.



- b) Assets procured from abroad, in Foreign Currency are accounted for, at the IATA mean rate of exchange prevailing during the month. The resultant difference between the asset capitalized and the payment made to the Foreign Vendor is debited / credited to the Foreign Exchange Gain / Loss account.
- c) Physical Verification of Assets is done on a rotational basis so that every asset is verified in every two years and the discrepancies observed in the course of the verification are adjusted in the year in which report is submitted.
- d) In accordance with AS 28, the management carries out an impairment assessment of its assets with respect to economic performance as on the date of Balance Sheet.

## **2. DEPRECIATION /AMORTIZATION**

- a) Depreciation is provided on all assets on Straight Line Method over the useful life of assets as per Schedule II of Companies Act 2013.
- b) Intangible assets which have a useful economic life are amortized over the estimated useful life.
- c) Assets of small value not exceeding INR 5,000, in each case, are fully provided for in the year of Purchase.

## **3. REVENUE RECOGNITION**

- a) Ground Handling and other related services are recognized when the services are provided. Un-billed services at the end of each financial year, based on available data, are estimated and are recognized as Revenue.
- b) Income from Interest is recognized on a time proportion basis.
- c) Other Operating Revenue is recognized when services rendered during the year.

## **4. PROVISION FOR DOUBTFUL DEBTS**

Debts pertaining to the Government / Government Departments/ Public Sector Undertakings are provided for if they are more than three years old except for debts which are known to be recoverable with certainty. All other debts are provided for, if they are either more than three years old or specifically known to be doubtful.

## **5. FOREIGN CURRENCY TRANSACTIONS**

- a) Interline settlement on account of ICH bills settlement is carried out at the exchange rate published by IATA for respective month.
- b) Foreign exchange monetary items at the year-end are converted at the year-end exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI) and the gains / losses arising out of fluctuations in exchange rates are recognized in the statement of Profit and Loss.



- c) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists.

## **6. RETIREMENT BENEFITS**

The retirement benefits to the employees comprise of defined contribution plans and defined benefit plans.

- a) Defined contribution plan consists of contribution to Employees Provident Fund. The Parent Company has separate trust(s) to administer Provident Fund contributions to which contributions are made regularly. As regards FTC employees, PF dues are deposited with the office of EPFO by the Company.

ESIC dues are regularly deposited with government authorities.

- b) The Company's defined benefit plans, which are not funded, consist of Gratuity, Leave Encashment including Sick Leave and Post-Retirement Medical Benefits and other benefits. The liabilities for these benefits are actuarially determined under the Projected Unit Credit Method at the year-end as per Indian Laws.

## **7. TAXES ON INCOME**

Provision for current tax is made in accordance with the provisions of Income-Tax Act, 1961.

Deferred tax is recognized on timing differences between book and taxable profit using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty based on operational and financial restructuring, revenue generation and cost reduction program of the company that the assets will be realized in the future.

## **8. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS**

- a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- b) Contingent liabilities exceeding INR 10 Lakhs in each case are disclosed in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- c) Contingent Assets are neither recognized nor disclosed in the financial statements.

## **9. OTHER LIABILITIES**

Liabilities which are more than three years old are re-written back unless such liabilities are specifically known to be payable in the future.

## **10. PREPAID EXPENSES / LIABILITY FOR EXPENSES**

Pre-paid expenses / Liabilities for expenses are recognized if more than INR 10,000 and above in each case.



## NOTE “2” : TANGIBLE ASSETS

Plant, Property and Equipment as at 31.03.2018

(Amount in Rupees)

Particular	Office Equipment	Ramp Equipments	Furniture & Fixtures	Electrical Fittings	Computers	Workshop Equipment & Instruments	Plant & Machinery	Vehicles	Total
As at 1st April 2017	1,447,157	3,621,292,224	809,371	8,745,237	6,532,998	1,484,750	71,598	25,406,564	3,665,789,899
Additions	585,371	1,151,203,493	356,000	-	351,027	584,500	-	-	1,153,080,391
Disposals/Adjustments	-	31,300,354	-	-	-	-	-	-	31,300,354
<b>As at 31st March 2018</b>	<b>2,032,528</b>	<b>4,741,195,363</b>	<b>1,165,371</b>	<b>8,745,237</b>	<b>6,884,025</b>	<b>2,069,250</b>	<b>71,598</b>	<b>25,406,564</b>	<b>4,787,569,936</b>
<b>Depreciation</b>									
As at 1st April 2017	541,628	1,898,299,454	96,146	1,490,465	2,245,976	104,498	63,855	440,506	1,903,282,529
Disposals/Adjustments	-	29,720,723	-	-	-	-	-	-	29,720,723
Charge for the Year	310,855	242,338,214	80,770	830,798	1,989,447	179,351	1,450	3,017,029	248,747,914
<b>As at 31st March 2018</b>	<b>852,483</b>	<b>2,110,916,945</b>	<b>176,916</b>	<b>2,321,263</b>	<b>4,235,423</b>	<b>283,849</b>	<b>63,305</b>	<b>3,457,536</b>	<b>2,122,309,720</b>
<b>Net Block</b>									
As at 31st March 2017	905,529	1,722,992,770	713,225	7,254,772	4,287,022	1,380,252	7,743	24,966,058	1,762,507,369
<b>As at 31st March 2018</b>	<b>1,180,045</b>	<b>2,630,278,418</b>	<b>988,455</b>	<b>6,423,974</b>	<b>2,648,602</b>	<b>1,785,401</b>	<b>6,293</b>	<b>21,949,028</b>	<b>2,665,260,215</b>
<b>Rate of Depreciation</b>	19%	6.33%	9.50%	9.50%	31.67%	9.50%	6.33%	11.88%	
	5	15	10	10	3	10	15		

The Company has provided depreciation on Straight Line Method (SLM) as per Schedule II of Companies Act 2013, based on remaining life of assets. Assetwise detail report attached.

Plant, Property and Equipment as at 31.03.2017

(I) Tangible Assets

(Amount in Rupees)

Particular	Office Equipment	Ramp Equipments	Furniture & Fixtures	Electrical Fittings	Computers	Workshop Equipment & Instruments	Plant & Machinery	Vehicles	Total
<b>Cost</b>									
As at 1st April 2016	1,084,494	3,077,473,253	1,29,829	8,745,237	1,661,884	-	-	-	3,089,094,697
Additions	362,663	543,818,971	679,542	-	4,871,114	1,484,750	71,598	25,406,564	576,695,202
Disposals/Adjustments	-	-	-	-	-	-	-	-	-
<b>As at 31st March 2017</b>	<b>1,447,157</b>	<b>3,621,292,224</b>	<b>809,371</b>	<b>8,745,237</b>	<b>6,532,998</b>	<b>1,484,750</b>	<b>71,598</b>	<b>25,406,564</b>	<b>3,665,789,899</b>
<b>Depreciation</b>									
As at 1st April 2016	338,306	1,709,636,113	21,762	659,668	595,554	-	-	-	1,711,251,402
Disposals/Adjustments	-	-	-	-	-	-	-	-	-
Charge for the Year	203,322	188,663,341	74,385	830,798	1,650,422	104,498	63,855	440,506	192,031,126
<b>As at 31st March 2017</b>	<b>541,628</b>	<b>1,898,299,454</b>	<b>96,146</b>	<b>1,490,465</b>	<b>2,245,976</b>	<b>104,498</b>	<b>63,855</b>	<b>440,506</b>	<b>1,903,282,529</b>
<b>Net Block</b>									
As at 31st March 2016	746,188	1,367,837,140	108,067	8,085,569	1,066,330	-	-	-	1,377,843,295
<b>As at 31st March 2017</b>	<b>905,529</b>	<b>1,722,992,770</b>	<b>713,225</b>	<b>7,254,772</b>	<b>4,287,022</b>	<b>1,380,252</b>	<b>7,743</b>	<b>24,966,058</b>	<b>1,762,507,370</b>
<b>Rate of Depreciation</b>	19%	6.33%	9.50%	9.50%	31.67%	9.50%	6.33%	11.88%	
	5	15	10	10	3	10	15		

The Company has provided depreciation on Straight Line Method (SLM) as per Schedule II of Companies Act 2013, based on remaining life of assets



The Company has elected to use the exemption available under Ind AS to continue the carrying value of all its Property, Plant and Equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per previous GAAP and use that as its deemed cost as at the date of ( 1 April, 2016) as per following details:

### Tangible Assets

(Amount in Rupees)

Particular	Office Equipment	Ramp Equipments	Furniture & Fixtures	Electrical Fittings	Computers	Workshop Equipment & Instruments	Plant & Machinery	Vehicles	Total
Gross Block	10,84,494	3,07,74,73,253	1,29,829	87,45,237	16,61,884	-	-	-	3,08,90,94,697
Accumulated Depreciation	3,38,306	1,70,96,36,113	21,762	6,59,668	5,95,554	-	-	-	1,71,12,51,402
Net Block as at 1 April 2016/Deemed Cost as Per Ind As	7,46,188	1,36,78,37,140	1,08,067	80,85,569	10,66,330	-	-	-	1,37,78,43,295
IND AS Adjustments									
Gross Block as per Ind AS									

### NOTE "3" : OTHER FINANCIAL ASSETS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Unsecured, considered good						
	Recoverable from Staff					23,717,403	9,777,518
	Others (Recoverables)				9,216,980	13,742,854	4,536,783
	<b>TOTAL</b>				<b>9,216,980</b>	<b>37,460,258</b>	<b>14,314,301</b>

### NOTE "4" : INCOME TAX ASSETS

(Rupees in Million)

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Unsecured, considered good						
	Deposits	-	-	-	-	-	-
	<u>Income Tax - net of provisions</u>		1,060,542,123	709,982,816			
	Income Tax AY 2005-06 (FY 2004-05)	-					
	Income Tax AY 2008-09 (FY 2007-08)	7,800,568					
	Income Tax AY 2009-10 (FY 2008-09)	12,296,298					
	Income Tax AY 2010-11 (FY 2009-10)	15,222,918					
	Income Tax AY 2011-12 (FY 2010-11)	2,199,294					
	Income Tax AY 2012-13 (FY 2011-12)	12,643,840					
	Income Tax AY 2013-14 (FY 2012-13)	-4,500,000					
	Income Tax AY 2014-15 (FY 2013-14)	43,862,720					
	Income Tax AY 2015-16 (FY 2014-15)	284,575,054					
	Income Tax AY 2016-17 (FY 2015-16)	122,100,000					
	Income Tax AY 2017-18 (FY 2016-17)	60,000,000					
	TDS Certificates Received / Receivable	459,566,546					
	<u>Advance Fringe Benefit Tax (Net)</u>	79,210					
	<b>Advance Fringe Benefit Tax (Net)</b>	-					
	Fringe Benefit Tax FY 2007-08	17,660					
	Fringe Benefit Tax FY 2008-09	61,550					
	<b>TOTAL</b>	<b>1,015,846,448</b>	<b>1,060,542,123</b>	<b>709,982,816</b>			


**NOTE "5" : OTHER ASSETS**
**(Rupees in Million)**

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Inventories				136,752,440		
	Other Advances	-			226,665,894	331,567,442	112,877,265
	<b>TOTAL</b>				<b>363,418,334</b>	<b>331,567,442</b>	<b>112,877,265</b>

**NOTE "6" : TRADE RECEIVABLES**
**(Rupees in Million)**

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	Unsecured, considered good	234,137,012			1,376,001,448	1,728,116,642	1,927,568,773
	Doubtful						
	Less : Allowance for Doubtful						
	Less : Allowance as per Expected Credit Loss Method						
	Dues from Group Companies				1,538,513,509	1,298,654,107	833,584,684
	<b>TOTAL</b>	<b>234,137,012</b>	<b>-</b>	<b>-</b>	<b>2,914,514,957</b>	<b>3,026,770,749</b>	<b>2,761,153,457</b>

**NOTE "7" : CASH AND CASH EQUIVALENTS**
**(Rupees in Million)**

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	<b>Cash and Cash Equivalents</b>						
	Cash on hand	-	-	-	65,610	30,059	2,215
	Balance with Bank :						
	On Current Account	-	-	-	228,175,449	153,066,523	316,931,869
	On Deposit Account (maturity < 3 months)	-	-		163,510	20,654,556	234,127,000
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>228,404,569</b>	<b>173,751,138</b>	<b>551,061,084</b>

**NOTE "7" : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS**
**(Rupees in Million)**

Sl. No.	Particulars	NON-CURRENT			CURRENT		
		As at March 31, 2018	As at March 31, 2017	As at April 01, 2016	As at March 31, 2018	As at March 31, 2017	As at April 01, 2016
	<b>Balance with Bank :</b>						
	Months	-	-	-	-	-	-
	<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>





## NOTE “8” : EQUITY SHARE CAPITAL

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number	(Rs)	Number	(Rs)	Number	(Rs)
<b>Authorised Capital</b> Equity Shares of Rs 10/- each	1,000,000,000	10,000,000,000	1,000,000,000	10,000,000,000	1,000,000,000	10,000,000,000
		10,000,000,000		10,000,000,000		10,000,000,000
<b>Issued, Subscribed and Fully Paid up Capital</b> Equity Shares of Rs 10/- each	138,424,200	1,384,242,000	138,424,200	1,384,242,000	138,424,200	1,384,242,000
	138,424,200	1,384,242,000	138,424,200	1,384,242,000	138,424,200	1,384,242,000

The company is a wholly owned subsidiary of Air India Ltd.

### i Details of Shareholding in excess of 5%

(Amount in Rupees)

Name of Shareholder	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number of shares held	%	Number of shares held	%	Number of shares held	%
Air India Ltd.- Holding Company	13,84,24,200	100	13,84,24,200	100	13,84,24,200	100

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of the shares.

### ii Reconciliation of the equity shares outstanding at the beginning and at the end of the year

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
	Number	Amount	Number	Amount	Number	Amount
At the beginning of the year	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000
Issued during the period	-	-	-	-	-	-
Outstanding at the end of the year	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000	13,84,24,200	1,38,42,42,000

iii The Company has issued only one class of shares referred to as equity shares having a par value of Rs10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders after distribution of all preferential amounts, if any.

iv There were no instances of shares being issued/allotted by way of bonus shares or for consideration other than cash and no shares have been bought back by the company during the period of five years immediately preceding the date of Balance Sheet.

## NOTE “9” : OTHER EQUITY

(Amount in Rupees)

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
<b>Surplus in Profit and Loss Account:</b>						
Balance as per last Balance Sheet		42,058,937		(108,471,958)		904,250,014
Add :						
Profit / (loss) for the year	629,035,019		150,530,895		1,014,078,865	
Less:						
Remeasurement of Defined Benefit Plans	-		-			
Transfer to General Reserve	-		-			
Add: Prior Period Adjustments					2,026,800,836	
Less: Prior Period Adjustments						
Interim Dividend	-		-			
<b>Net Surplus</b>		629,035,019		150,530,895		(1,012,721,972)
<b>Total Reserves &amp; Surplus</b>		671,093,956		42,058,937	-	108,471,958


**NOTE “10” : DEFERRED TAX LIABILITY (NET)**
**(Amount in Rupees)**

Particulars	As at March 31, 2018		As at March 31, 2017		As at March 31, 2016	
<b>Deferred Tax Liability on account of (DTL)</b>						
Depreciation	97,523,971		63,819,346		45,114,943	
Total Deferred Tax Liability		97,523,971		63,819,346		45,114,943
<b>Deferred Tax Asset on account of (DTA)</b>						
Unabsorbed Depreciation	-					
Other Tax disallowances	103,301,475	103,301,475	89,108,757	89,108,757	160,239,611	160,239,611
<b>Net Deferred Tax Asset</b>		5,777,504		25,289,411		115,124,668

**NOTE “11” : OTHER FINANCIAL LIABILITIES**
**(Amount in Rupees)**

Particulars	NON - CURRENT			CURRENT		
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-18	31-Mar-17	31-Mar-16
Security Deposits (EMD)	2,555,000	3,070,000	3,070,000	39,292,695	43,950,079	38,827,420
Provisions for Expenses				337,362,888	163,435,175	41,053,748
Margin Money				150,000	3,350,000	3,350,000
Others				1,107,002,982	950,464,017	753,935,335
Payable to Staff				8,603,140	-	-
<b>TOTAL</b>	<b>2,555,000</b>	<b>3,070,000</b>	<b>3,070,000</b>	<b>1,492,411,705</b>	<b>1,161,199,271</b>	<b>837,166,503</b>

**NOTE “12” : PROVISIONS**
**(Amount in Rupees)**

Particulars	NON - CURRENT			CURRENT		
	31-Mar-18	31-Mar-17	31-Mar-16	31-Mar-18	31-Mar-17	31-Mar-16
Provision for Leave encashment	371,405,011	377,509,128	438,424,157	103,963,481	68,112,781	104,157,532
Provision for Gratuity	916,958,900	906,822,535	941,128,472	207,228,997	121,178,493	190,544,174
Provision for Tax	630,000,000	465,000,000	237,500,000			35,000,000
Provision for Retirement Benefit	1,292,900,573	1,284,773,669	1,171,619,361	50,596,288	42,705,786	34,271,954
<b>TOTAL</b>	<b>3,211,264,484</b>	<b>3,034,105,332</b>	<b>2,788,671,990</b>	<b>361,788,766</b>	<b>231,997,060</b>	<b>363,973,660</b>

**NOTE “13” : TRADE PAYABLES**
**(Amount in Rupees)**

Particulars	As at 31 Mar-18	As at 31 Mar 2017	As at 31 Mar-16
Trade Payables			
- Micro Small and Medium Enterprises	-	-	-
- Other Payables	125,817,232	488,093,963	315,870,970
<b>TOTAL</b>	<b>125,817,232</b>	<b>488,093,963</b>	<b>315,870,970</b>

As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with the interest and accordingly no additional disclosure have been made. The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors'.


**NOTE “14” : OTHER CURRENT LIABILITIES**
**(Amount in Rupees)**

Particulars	As at 31 Mar-18	As at 31 Mar 2017	As at 31 Mar-16
Statutory Dues	187,402,877		57,833,721
Dues to Group Companies	-	-	
Other Current Liabilities		73,121,926	-
Others	-	-	
<b>Total</b>	<b>187,402,877</b>	<b>73,121,926</b>	<b>57,833,721</b>

**NOTE “15” : REVENUE FROM OPERATIONS (GROSS)**
**(Amount in Rupees)**

Particulars	2017-18		2016-17	
Revenue from Handling Services				
Revenue from Group Companies	3,714,652,014		2,894,687,163	
Revenue from 3rd Party Handling	2,488,744,608		3,109,356,823	
Security Handling Revenue	-			
Rev frm Govt Parties	23,671,061		22,883,920	
Rev Frm Casual Handling	8,430,670		25,543,301	
		6,235,498,353		6,052,471,207
<u>Less</u> : Revenue Sharing with Air India		-750,000,000		-1,000,000,000
		5,485,498,353		5,052,471,207
APEDA Revenue		932,949,300		859,735,519
Equipment Loaning		37,295,521		8,122,902
<b>TOTAL</b>		<b>6,455,743,174</b>		<b>5,920,329,628</b>

**NOTE “16” : OTHER INCOME**
**(Amount in Rupees)**

Particulars	2017-18		2016-17	
Recruitment Application Money		871,100		2,424,498
Interest on tax refund		2,526,992		-
Interest on Call & FD		2,032,813		9,983,850
Foreign Exchange Loss / Gain		-		-
Other Income		218,403,509		254,421,191
Income Tax Refund		-		
<b>TOTAL</b>		<b>223,834,414</b>		<b>266,829,539</b>

**NOTE “17” : EMPLOYEE BENEFIT EXPENSES**
**(Amount in Rupees)**

Particulars	2017-18		2016-17	
Salaries		3,780,276,935		3,454,970,668
Bonus		35,689,491		38,448,388
Contribution to ESI Scheme		67,707,640		50,653,382
Gratuity		129,726,626		33,162,080
Leave Encashment		85,576,551		7,502,207
PF Employer's contribution		303,914,686		254,109,450
Staff Welfare Expenses		170,975,249		468,334,494
Medical		-		-
<b>TOTAL</b>		<b>4,573,867,178</b>		<b>4,307,180,668</b>


**NOTE “18” : FINANCE COST**
**(Amount in Rupees)**

Particulars	2017-18	2016-17
Interest Payments	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>

**NOTE “19” : DEPRECIATION AND AMORTISATION**
**(Amount in Rupees)**

Particulars	2017-18	2016-17
Depreciation	248,747,914	192,031,126
<b>TOTAL</b>	<b>248,747,914</b>	<b>192,031,126</b>

**NOTE “20” : OTHER EXPENSES**
**(Amount in Rupees)**

Particulars	2017-18	2016-17
Handling Charges	105,146,622	343,424,017
Establishment Support Charges	503,342	134,192
Recruitment Expenses	81,187	966,299
Insurance	37,050,360	36,662,031
Postage & Courier Charges	262,596	242,622
Telephone Charges	1,233,640	1,412,741
Repairs & Maintenance - Building	197,302	15,837,191
Repairs & Maintenance - Others	62,327,749	59,482,795
Fuel & Oil	88,601,521	154,223,988
Electricity & Water Charges	52,546,589	55,144,372
Stores & Spares Consumption	133,683,391	81,523,661
Hire of Transport & Equipments	16,428,814	66,361,158
Printing & Stationary	1,962,617	1,253,927
Publicity & Sales Promotion	-	2,667,423
General Charges - Others	1,036,168	52,686,640
Rent	65,893,308	45,171,292
Rates And Taxes	12,165,725	17,561,332
Travelling And Conveyance Expenses	27,492,270	111,942,202
Legal And Professional Expenses	2,473,936	5,074,386
Bank Charges	2,274,888	1,328,301
Interest on Delayed Payment of TDS	505	25,442
Tax Audit Fees	25,000	25,000
Foreign Exchange Loss / Gain	12,114,089	54,039,463
Pax Baggage Claims Expenditure	590,336	2,991,575
Miscellaneous Expenses	2,157,057	34,676,168
Cleg&FwdgChgsOctroi	3,516,236	2,369,645
Intt Charges-Others	96,268	26,511
CSR Expenses	4,957,012	22,483,027
<b>Remuneration To Statutory Auditor</b>		
- Audit fees	560,000	400,000
- Out of Pocket Expenses	93,328	47,279
<b>TOTAL</b>	<b>635,471,857</b>	<b>1,170,184,680</b>

**NOTE “21” : PRIOR PERIOD EXPENDITURE**

Particulars	2017-18	2016-17
Prior Period Expenditure		

**NOTE “22” : EARNING PER SHARE****(Amount in Rupees)**

Particulars	2017-18	2016-17
Profit after tax	<b>710,482,122</b>	235,427,436
Weighted Average no. of shares outstanding (Nos.)	<b>138,424,200</b>	138,424,200
Nominal value of equity share (Rs.)	<b>10.00</b>	10.00
Earnings per share (Rs.) - Basic	<b>5.13</b>	1.70
Earnings per share (Rs.) - Diluted	<b>5.13</b>	1.70

Reconciliation of Weighted Average No. of Shares outstanding during the Year

**(Amount in Rupees)**

Particulars	2017-18	2016-17
Total number of equity shares outstanding at the beginning of the year	<b>138,424,200</b>	138,424,200
Add: Issue of Shares through Right Issue (Date of Allotment 15th Dec 2011)	-	-
Total number of equity shares outstanding at the end of year	<b>138,424,200</b>	138,424,200
Weighted average number of equity shares at the end of the year	<b>138,424,200</b>	138,424,200

Previous Year's figures have been re-grouped / re-arranged to confirm to current year's classification

**23. Transitions to IndAS :****These are the Company's first financial statements prepared in accordance with Ind AS:**

The Company has adopted all the Ind AS and adoption was carried out in accordance with Ind AS 101 First Time Adoption Indian Accounting Standard. The transition was carried out from Indian GAAP as prescribed under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Account) Rules, 2014 which was the previous GAAP.

The Significant Accounting Policies set out in Note No. – 1 have been applied in preparing the financial statement for the year ended 31<sup>st</sup> March 2018, 31<sup>st</sup> March 2017 and the opening Ind AS balance sheet on the date of transition i.e. 1<sup>st</sup> April 2016.

In preparing opening Ind AS balance sheet as on 1<sup>st</sup> April 2016 and in presenting the comparative information for the year ended 31<sup>st</sup> March 2017, the Company have adjusted amounts reported previously in the financial statements prepared in accordance with the Indian GAAP. This notes explanation how the transition from Indian GAAP to Ind AS has affected company's financial position, financial performance and cash flows.

**(a) Exemptions and Exception availed:**

Ind AS 101 allows first-time adopters certain optional exemptions and mandatory exception from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:



(i) **Ind AS optional exemptions:**

**1. Property, Plant and Equipment's, Investment Property and Intangible Assets as Deemed Cost**

The company has opted to avail the exemption made available under Ind AS 101 to continue the carrying value of all property, plant and equipment and intangible assets as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous Indian GAAP and use that as deemed cost as at the date of transition i.e. **1st April 2016**.

**2. Exchange differences arising from translation of long-term foreign currency monetary items:**

The Company has opted to avail the exemption under Ind AS 101 to continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in financial statements for period ending immediately before beginning of first Ind AS financial reporting period as per Indian GAAP (i.e. till March 31, 2017). Consequent to which:

Exchange differences arising on long-term foreign currency monetary items related to acquisition of Depreciable Assets are capitalized and depreciated over the remaining useful life of the asset.

**3. Determining whether an arrangement contains a lease**

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether a contract or an arrangement existing at the date of transition contains a lease. If the entity elects the optional exemption, then it assesses whether the lease contracts / arrangements existing at the date of transition contain lease are based on the facts and circumstances existing at that date except where the effect is expected not to be material. The Company has elected to apply this exemption on the basis of facts and circumstances existing as at the transition date.

(ii) **Ind AS mandatory exceptions**

**1. Estimates** The estimates at April 01, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Indian GAAP apart from the following item where application of Indian GAAP did not require estimation:

The Financial assets as reflected in the Balance Sheet are fully protected and adequately secured. Hence, impairment issue does not arise.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 01, 2016, the date of transition to Ind AS and as of March 31, 2017.

The key estimates considered in preparation of the financial statements that were not required under the Previous Indian GAAP are listed below:

- Fair valuation of financial instruments carried at FVTPL.



- Determination of the discounted value for financial instruments carried at amortized cost.

## 2. De-recognition of financial assets and financial liabilities

The company has elected to use the exemption for de-recognition of financial assets and liabilities prospectively i.e. after 1 April 2016.

## 3. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exists at the date of transition to Ind AS.

## 4. Reconciliations between Previous Indian GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for previous periods. The following tables and notes represent the reconciliations from Previous Indian GAAP to Ind-AS:

### (i) Reconciliation of Balance Sheet as on 1 April, 2016 :

Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b><u>ASSETS :</u></b>				
(1) Non-current Assets Property, Plant & Equipment		1,377,843,295	-	1,377,843,295
Financial Assets:				
a) Trade Receivables				
b) Loans				
c) Others				
Income Tax Assets (net)		709,982,816	-	709,982,816
Deferred Tax Assets (net)		115,124,668	-	115,124,668
Other Non-Current Assets				
<b>Total Non-Current Assets</b>		<b>2,202,950,779</b>	<b>-</b>	<b>2,202,950,779</b>
(2) Current Assets				
Inventories				
Financial Assets:				
a) Trade Receivables	5A	3,223,017,283	(461,863,826)	2,761,153,457



Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
b) Cash and Cash equivalents		551,061,084	-	551,061,084
c) Bank balances other than (b) above		—		
d) Loans				
e) Others		14,314,301	-	14,314,301
Current Tax Assets				
Other Current Assets	5A	169,477,046	(56,599,781)	112,877,265
<b>Total Current Assets</b>		<b>3,957,869,715</b>	<b>(518,463,607)</b>	<b>3,439,406,107</b>
<b>TOTAL ASSETS</b>		<b>6,160,820,492</b>	<b>(518,463,607)</b>	<b>5,642,356,886</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital		1,384,242,000	-	1,384,242,000
b) Other Equity	5A, 5D	1,918,328,879	(2,026,800,837)	(108,471,958)
<b>Total Equity</b>		<b>3,302,570,879</b>	<b>(2,026,800,837)</b>	<b>1,275,770,042</b>
<b>Liabilities</b>				
Non-current Liabilities				
a) Financial Liabilities			-	
i) Other		3,070,000	-	3,070,000
b) Provisions 5A		1,617,052,629	1,171,619,361	2,788,671,990
<b>Total Non-Current Liabilities</b>		<b>1,620,122,629</b>	<b>1,171,619,361</b>	<b>2,791,741,990</b>
(2) Current Liabilities				
a) Financial Liabilities				
i) Borrowings				
ii) Trade Payables	5A	126,115,092	189,755,878	315,870,970
iii) Other	5A	724,476,466	112,690,037	837,166,503





Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
b) Provisions	5A	329,701,706	34,271,954	363,973,660
c) Other Current Liabilities		57,833,721	-	57,833,721
<b>Total Current Liabilities</b>		<b>1,238,126,984</b>	<b>336,717,869</b>	<b>1,574,844,853</b>
<b>Total Equity and Liabilities</b>		<b>6,160,820,492</b>	<b>(518,463,607)</b>	<b>5,642,356,886</b>

Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**(ii) Reconciliation of Equity as on 31 March, 2017 :**

Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b><u>ASSETS :</u></b>				
(1) Non-current Assets Property, Plant & Equipment		1,762,507,371	-	1,762,507,371
Financial Assets:				
a) Trade Receivables				
b) Loans				
c) Others				
Income Tax Assets (net)		1,060,542,123	-	1,060,542,123
Deferred Tax Assets (net)		25,289,411	-	25,289,411
Other Non-Current Assets				
<b>Total Non-Current Assets</b>		<b>2,848,338,905</b>	<b>-</b>	<b>2,848,338,905</b>
(2) Current Assets				
Inventories				
Financial Assets:				
a) Trade Receivables	5A	3,625,419,660	(598,648,911)	3,026,770,749
b) Cash and Cash equivalents		173,751,138	-	173,751,138



Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
c) Bank balances other than (b) above				
d) Loans				
e) Others	37,460,258	-	37,460,258	
Current Tax Assets				
Other Current Assets	5A	388,167,223	(56,599,781)	331,567,442
<b>Total Current Assets</b>		<b>4,224,798,277</b>	<b>(655,248,692)</b>	<b>3,569,549,586</b>
<b>TOTAL ASSETS</b>		<b>70,733,137,812</b>	<b>(655,248,692)</b>	<b>6,417,888,490</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital		1,384,242,000	-	1,384,242,000
b) Other Equity	5A, 5D	2,252,644,427	(2,210,585,490)	42,058,937
<b>Total Equity</b>		<b>3,636,886,427</b>	<b>(2,210,585,490)</b>	<b>1,426,300,937</b>
<b>Liabilities</b>				
Non-current Liabilities				
a) Financial Liabilities				
i) Other		3,070,000	-	3,070,000
b) Provisions	5A	1,749,331,663	1,284,773,669	3,034,105,332
<b>Total Non-Current Liabilities</b>		<b>1,752,401,663</b>	<b>1,284,773,669</b>	<b>3,037,175,332</b>
(2) Current Liabilities				
a) Financial Liabilities				
i) Borrowings				
ii) Trade Payables	5A	351,991,411	36,102,552	488,093,963
iii) Other	5A	1,069,451,296	91,747,975	1,161,199,271
b) Provisions	5A	189,291,274	42,705,786	231,997,060



Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
c) Other Current Liabilities	5A	73,115,110	6,816	73,121,926
<b>Total Current Liabilities</b>		<b>1,683,849,091</b>	<b>270,563,129</b>	<b>1,954,412,220</b>
<b>Total Equity and Liabilities</b>		<b>70,733,137,812</b>	<b>(655,248,692)</b>	<b>6,417,888,490</b>

\*Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

**(i) Reconciliation of Total Comprehensive Income for the year ended 31 March, 2017**

Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
<b>Revenue</b>				
From Operations		5,967,902,552	(47,572,924)	5,920,329,628
Other Income	5A	277,386,147	(10,556,608)	266,829,539
<b>Total Revenue (1+2)</b>		<b>6,245,288,699</b>	<b>(58,129,532)</b>	<b>6,187,159,167</b>
<b>Expenses</b>				
Aircraft Fuel & Oil				
Other Operating Expense				
Employee benefit expense	5A	4,203,503,468	103,677,200	4,307,180,668
Finance Costs				
Depreciation and amortization expense		192,031,126	-	192,031,126
Other expenses	5A	1,128,811,969	41,372,711	1,170,184,680
Prior Period Expenses				
<b>Total Expenses</b>		<b>5,524,346,564</b>	<b>145,049,910</b>	<b>5,669,396,474</b>
<b>(Loss) before exceptional items and tax (II - IV)</b>		<b>720,942,135</b>	<b>(203,179,443)</b>	<b>517,762,692</b>
<b>Exceptional Items</b>		<b>—</b>		



Particulars	Note Reference	Amount as per IGAAP*	Effects of transition to Ind AS	Amount as per Ind AS
Prior Period Adjustments (Net)	5A	(104,291,330)	104,291,330	
<b>Profit before tax (VII - VIII)</b>		<b>616,650,805</b>	<b>(98,888,113)</b>	<b>517,762,692</b>
Tax expense:		282,335,257	-	282,335,257
<b>(Loss) for the year after tax (VII-VIII)</b>		<b>334,315,548</b>	<b>(98,888,113)</b>	<b>235,427,435</b>
<b>Other Comprehensive Income</b>				
Remeasurements of defined benefits plans	5B, 5C		(84,896,541)	(84,896,541)
Income tax relating to above mentioned items				
<b>Income tax relating to above mentioned items</b>				
<b>Total Comprehensive Income</b>		<b>334,315,548</b>	<b>(183,784,654)</b>	<b>150,530,894</b>

Previous Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

## (ii) Reconciliation of Total equity as at 31 March 2017 and 1 April 2016

Particulars	As at 31st March, 2017	As at 1st April, 2016
Equity Under Previous Indian GAAP	<b>3,636,886,427</b>	<b>3,302,570,879</b>
Prior Period Expenses (Net)	(2,210,585,490)	(2,026,800,836)
Actuarial Valuation of Defined benefit plan reclassified in Other Comprehensive Income	84,896,541	-
Other Comprehensive Income	(84,896,541)	-
<b>Equity Under Ind As</b>	<b>1,426,300,937</b>	<b>1,275,770,043</b>

**(iii) Reconciliation of Total Comprehensive Income for the year ended 31<sup>st</sup> March 2017**

<b>Particulars</b>	<b>2016-17</b>
Net Profit for the year as per Previous GAAP	334,315,548
Prior Period Expenses (Net)	(288,075,984)
Prior Period Expenses for 2016-17 restated at Opening balance at 1 <sup>st</sup> April, 2016	104,291,330
Actuarial Valuation of Defined benefit plan reclassified in Other Comprehensive Income	84,896,541
<b>Net Profit for the year as per Ind AS</b>	<b>235,427,435</b>
Other Comprehensive Income	(84,896,541)
<b>Total Comprehensive Income as per Ind AS</b>	<b>150,530,894</b>

- (iv) On account of transition to Ind AS, there are no material adjustments to the statement of Cash Flow for the year ended 31 March 2017.

**5. Notes to Reconciliation****A. Prior Period**

Under Ind AS – 8, Accounting Policy, Change in Accounting Estimates and Errors, shall be corrected by retrospective restatement. A prior period expense of Rs**104.29** million was recognized in F.Y. 2016-17 has been restated as at 1 April, 2016, this restatement result in to decrease in retained earnings with corresponding increase in asset / liability by Rs**104.29**million as at 1<sup>st</sup> April, 2016. Prior period income / expenses of Rs **2210.58** million for the year ended 31<sup>st</sup> March 2018 has been reversed during FY 2017-18, out of which expense of Rs **1922.51** million adjusted in retained earnings in the opening balance sheet and income of Rs **288.07** million has been recognized in FY 2016-17 with corresponding increase / decrease in Assets / Liabilities.

**B. Re-measurement of post employments benefits plans**

Under Ind AS, re-measurements i.e. actuarial gains and losses on the net defined benefit liability are recognized in Other Comprehensive Income instead of Statement of Profit and Loss. Under Previous Indian GAAP these were forming part of the Statement of Profit and Loss for the year ended 31<sup>st</sup> March, 2017. As a result of this change, the employee benefit expense to the extent of actuarial loss amounting to **Rs. 84.89** Million for the year ended 31 March 2017 has been reduced and the same has been reclassified to Other Comprehensive Income. There is no impact on the other equity as at 31 March 2017.

**C. Other comprehensive income**

Under Previous Indian GAAP, there was no requirement to disclose any item of profit or loss in Other Comprehensive income. However, Ind AS requires certain items of profit or loss to be reclassified to other comprehensive income. Consequent to this, the Company has reclassified re-measurement of defined benefit plans from Statement of Profit and Loss to other comprehensive income.



#### D. Retained earnings

Retained earnings as on 1<sup>st</sup> April 2016 has been adjusted consequent to the above Ind AS transition adjustments.

24. During the Financial Year 2017-18, the Company has not allotted any Equity Shares.
25. No physical verification of Fixed Assets has been conducted during the current Financial Year. The Company has appointed an external firm of Chartered Accountants to carry out the physical verification and the same is in process.
26. The management has carried out an impairment assessment of assets as on the balance sheet date. The management is of the opinion that the performance of Fixed Assets of the Company during the remaining life of the asset would be as expected and therefore there is no need of impairment as on the date of Balance Sheet.
27. During the Financial Year 2017-18, an amount of INR 7500 Lakhs, shared with AIL on account of ground handling revenue from 3<sup>rd</sup> party airlines.
28. Air India has deputed on an average 802 employees to assist the Company in their business. An amount of INR 68.08 Crores has been debited by way of Salaries and allowances payable towards deputed employees during the year.
29. ***During the year GSD Spares has been transferred by Air India Limited and accounted by the company amounting to INR 1498 lakhs. Out of the same, the Company (ground handling department) had accepted Spares of book value INR 792 lakhs and the company informed to us that the remaining inventories are proposed to be returned back to the AIL. However the confirmation of the same is not yet received. These Spares were not physically verified by the Company. Physical verification as on year end had not being conducted.***
30. During the year, revenue of INR 312.40 Lakhs has been recognized in the books on account of entitlement under SFIS 2017-18 (Previous Year INR 969.80 Lakhs).
31. During the year, Air India transferred revenue amounting to INR 3,227 Lakh (Previous year INR 4129.19 lakhs) and expenditure to the tune of INR 15,357 Lakhs (Previous year INR 22903 lakhs). All such revenue and expenditure transferred by AIL has been accepted by the Company.

The statutory dues such as GST, Service Tax, VAT, TDS and Airport Royalties have not been transferred.

32. During the year, interest on outstanding receivable from Group Companies have been charged and recognized to the tune of INR 902.25 Lakhs (Previous Year INR1,500.93 Lakhs). Interest has been charged on the average of Opening and Closing balances in respect of Air India Limited and Air India Express Limited, while the interest has been charged on daily basis on Alliance Air. The rate of interest applied for the Current Financial Year is 9.60 %pa(Previous Year 9.55% p.a.). No interest has been charged on outstanding balance of Air India Engineering Services Limited.
33. Revenue shared by HAL AI JWG has been recognized during the year amounting to INR 91.00 Lakhs (Previous Year INR 91.65Lakhs).

**34. Reconciliation / confirmation**

- a) The Reconciliation and matching of certain unmatched receivables and payables including, control ledgers and staff related accounts is under process. Impact, if any, of consequential adjustments arising out of reconciliation will be dealt with in the year of completion of reconciliation.
- b) The Company has sought the confirmation of balances of major receivables, payables. However, only some of the parties have responded. Wherever the balances confirm by the parties are not in agreement with the books, reconciliation of difference is under process.
- c) GST, Tax Deducted at Source (TDS), Refunds in respect of Income Tax, are still pending to be reconciled with the returns filed/statutory records maintained.
- d) Group Company related (including Holding Company) accounts have been completed and the balance confirmation have been obtained.

**35. Cash and Bank Balances**

The process of year end physical verification of cash in hand has been done by the authorized officials. The certificate of Cash Balance has been duly certified by the official concerned. Bank balances have been fully reconciled and confirmation from Bank obtained.

**36. Current Liabilities:**

- a) The Service Tax including Input credit to be availed and Tax Deducted at source (TDS), Refunds to be received in respect of Income Tax, Employee Provident Fund (EPF), Profession Tax and Airport Royalties are being reconciled to be in line with the Returns filed / statutory records. Necessary adjustments, if any, will be done in the year of completion of reconciliation.
- b) Reversal of CENVAT credit for non-taxable services is being accounted for and Input credit not eligible for availment is charged to revenue at the time of payment of relevant expense. The precise amount in this regard is being ascertained. Necessary adjustments will be done the year of completion of reconciliation.
- c) The books reflect an amount of INR (646.35) Lakhs under Service Tax as on 31/03/2018 (Previous Year: INR 2125.75 Lakhs), which is under reconciliation.

The company has an outstanding amount of TDS liability as on 31.03.2018 amounting to INR 176.58 Lakhs (Previous Year: INR 237.96Lakhs). TDS liability is recognized as and when bills are accounted for or paid.

- 37. No provision or contingent liabilities have been made in respect of pending legal cases.
- 38. The Company charges GST on Levies as directed by the Airport Authorities (AAI and MIAL). The same is accounted along-with the levies.
- 39. During the Financial Year 2017-18, the Company has rendered handling services to Group Companies (Air India, Air India Express and Alliance Air). The bills have been prepared based on the data shared by IOCC and the individual Handling Forms have not been attached to the invoices as has been done for the 3rd party handling.



40. The ledger balances ageing/breakup of the following account are under preparation

1110002310	Contribution to ES
1110002420	Labour Welfare Fund
1110002490	Salary Sus System Clai
1110002491	Salary Payable Non ECS
1110002492	Salary Payable-ECS
1110002515	Unpaid Salaries & Wage
1110002540	Court Attachment
1110002610	Recovery Union Dues
1110003000	Professional Tax
2212001632	IATA Recharge 2014-15
2212001633	IATA Recharge 2015-16
2212001634	IATA Recharge 2016-17
2214002175	Advances-Capital Pur
2214002335	Charges Recoverable Gen
2214006545	Staff Advance-Travel
2214006560	Adv Salary Staff India
2214006575	Chgs Recovble Staff Gen
2214006580	Staff Claim Recoveries
2214006581	Staff Salary Claim A/c

41. The following ledger balances should be transferred to the parent company

1109003175	Pax Cash Refund New
1109003700	Staff Tickets Ref Susp
1110002545	Death Relief Fund
2215002000	Intt accrued staff loan
2214006565	Staff Adv flood & Net Cal
2214006105	Loans Staff Housing Pr
2214006525	Festival Advance

## 42. RETIREMENT BENEFITS

- (i) Contributions to Defined Contribution Schemes such as Provident Fund are charged to the Profit & Loss Account as follows:

Provident Fund Rs.35.22 Million (Previous Year Rs. 32.24 Million)

- (ii) The Company also provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19 issued by the Institute of Chartered Accountants of India.





- a) Privilege Leave Encashment is payable to all eligible employees at the time of retirement up to a maximum of 300 days and Sick Leave encashment is payable to permanent employees upto a maximum of 120 days. Leave Encashment liability for the current financial year is Rs.11.92 Million (Previous Year Rs. 8.65 Million).

- b) Defined Benefit Plan-Gratuity (Unfunded)

The Company has a defined benefit gratuity plan in India (unfunded). The company's defined benefit gratuity plan is a final salary plan for employees, which requires contributions to be made to a separately administered fund. Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity. During the year, there were no plan amendments, curtailments and settlements.

Movement in net Defined Benefit (Asset) / Liability

### Gratuity

- a) Reconciliation of balances of Defined Benefit Obligation

(Amount in Millions)

Particulars	Gratuity – Unfunded	
	2017-18	2016-17
Defined Obligation at the beginning of the year	1,037.55	1,031.04
Interest Cost	74.91	80.42
Current Service Cost	71.98	46.52
Past Service Costs	40.31	-
Benefits Paid directly by the employer	(181.45)	(175.10)
Benefit paid from the fund	-	-
<b>Actuarial (Gain) / Losses on obligation</b>		
Demographic Assumption	-	-
Changes in financial Assumptions	(30.90)	28.80
Experience Adjustments	111.79	25.86
<b>Defined Benefit Obligation at the end of the year</b>	<b>1,124.19</b>	<b>1,037.55</b>

- b) Amount recognized in Balance Sheet:

(Amount in Millions)

Particulars	Gratuity – Unfunded	
	2017-18	2016-17
Liability at the end of the year	(1,124.19)	(1,037.55)
Fair value of Plan Assets at the end of the year	-	-
Amount Recognized in the Balance Sheet	(1,124.19)	(1,037.55)



## c) Amount Recognized in Statement of Profit &amp; Loss

(Amount in Millions)

Particulars	Gratuity – Unfunded	
	2017-18	2016-17
Current Service Cost	71.98	46.52
Interest Cost	74.91	80.42
Past Service Cost	40.31	-
Interest Income	187.20	126.94

## d) Amount Recognized in Other Comprehensive Income

(Amount in Millions)

Particulars	Gratuity – Unfunded	
	2017-18	2016-17
Actuarial (Gains)/Losses on Obligation For the Period	80.89	54.67
Return on Plan Asset	-	-
<b>Total</b>	80.89	54.67

## e) Major Actuarial Assumptions

Particulars	Gratuity – Unfunded	
	2017-18	2016-17
Discount Rate (%)	7.80%	7.22%
Salary Escalation / Inflation (%)	5.50%	5.50%
Expected Return on Plan Assets (%)	-	-

## f) Sensitivity Analysis

Sensitivity Analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase / decrease of 1% as at 31 March 2018 and 31 March 2017 is given below:

(Amount in Millions)

Particulars	Gratuity	
	2017-18	2016-17
+1 % change in rate of Discounting	(49.24)	(48.67)
-1 % change in rate of Discounting	54.46	53.77
+1 % change in rate of Salary Increase	53.79	54.15
-1 % change in rate of Salary Increase	(49.55)	(49.87)
+1 % change in rate of Employee Turnover	4.85	3.86
-1 % change in rate of Employee Turnover	(5.51)	(4.31)

**Medical**

## a) Reconciliation of balances of Defined Benefit Obligation

(Amount in Millions)

Particulars	Medical – Unfunded	
	2017-18	2016-17
Defined Obligation at the beginning of the year	1327.5	1205.9
Interest Cost	98.9	97.2
Current Service Cost	15.6	17.6
Liability transferred out/Disinvestments		
Benefits Paid directly by the employer	(104.1)	(295.5)
Benefit paid from the fund		
<b>Actuarial (Gain) / Losses on obligation</b>		
Demographic Assumptions		
Changes in financial Assumptions	(49.4)	93.7
Experience Adjustments	55.0	208.6
<b>Defined Benefit Obligation at the end of the year</b>	<b>1343.5</b>	<b>1327.5</b>

## b) Amount recognized in Balance Sheet:

(Amount in Millions)

Particulars	Medical – Unfunded	
	2017-18	2016-17
Liability at the end of the year	(1343.5)	(1327.5)
Fair value of Plan Assets at the end of the year		
Amount Recognized in the Balance Sheet	(1343.5)	(1327.5)

## c) Amount Recognized in Statement of Profit &amp; Loss

(Amount in Millions)

Particulars	Medical	
	2017-18	2016-17
Current Service Cost	15.6	17.6
Interest Cost	98.9	97.2
Past Service Cost	-	-
Interest Income	-	-
Expenses for the year	114.50	114.80



## d) Amount Recognized in Other Comprehensive Income

(Amount in Millions)

Particulars	Medical	
	2017-18	2016-17
Actuarial (Gains)/Losses on Obligation For the Period	5.6	302.3
Return on Plan Assets	-	-
Total	5.6	302.3

## e) Major Actuarial Assumptions

Particulars	Medical	
	2017-18	2016-17
Discount Rate (%)	7.76%	7.45%
Medical Cost Inflation	4.00%	4.00%
Rate of Employee Turnover	2.00%	2.00%
Expected Return on Plan Assets (%)	-	-

## f) Sensitivity Analysis

Sensitivity Analysis for significant actuarial assumptions, showing how the defined benefit obligation would be affected, considering increase / decrease of 1% as at 31 March 2018 and 31 March 2017 is given below:

(Amount in Millions)

Particulars	Medical	
	2017-18	2016-17
+1 % change in rate of Discounting	(140.3)	(147.9)
-1 % change in rate of Discounting	171.5	182.0
+1 % change in rate of Medical cost Inflation	176.5	186.7
-1 % change in rate of Medical Cost Inflation	(146.2)	(153.6)

## 43. Earnings per Share

(Amount in Million)

Details	As at March	As at March
	31, 2018	31, 2017
Profit/ (Loss) after tax (Rs. in millions)	710.482	235.427
Weighted Average no. of equity shares (In millions)	138.424	138.424
<b>EPS Basic &amp; Diluted (In Rs.)</b>	<b>5.13</b>	<b>1.70</b>

## 44. Deferred Tax Assets / (Liability), as worked out by the Management is as under:

The Company has recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability arising on account of the temporary difference on depreciation of Rs 5.78 Million as at March 31, 2018 (Rs.25.29 Million as at March 31, 2017) (Rs.115,11 Million as at April 1, 2016)

**1. Reconciliation of effective tax rate**

Reconciliation of tax expense and the accounting profit / (loss) multiplied by India's domestic tax rate for the year ended 31st March 2017 and 31 March 2018:

(Amount in Rupees)

Particular	For the year ended 31st March 2018		For the year ended 31st March 2017	
	Rate (%)	Amount	Rate (%)	Amount
Profit / (Loss) Before Tax	34.94%	1221.40	34.94%	565.34
Effective Tax Rate*	0%		0%	

\* In the absence of reasonable certainty of future taxable profits the company has not recognized deferred tax assets / liability for the above period, hence the effective tax rate is Nil.

**2. Deferred Tax Asset / Liabilities**

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
<b>Deferred Tax Liability</b>	97523971	63819346	45114943
<b>Deferred Tax Asset</b>	<b>103301475</b>	<b>89108757</b>	<b>160239611</b>
<b>Net Deferred Tax asset/(liability)</b>	<b>5777504</b>	<b>25289411</b>	<b>115124668</b>
Property, plant & equipment	0	0	0
Unabsorbed Tax losses & Unabsorbed Depreciation	0	0	0
Other Disallowances	0	0	0
<b>Total</b>	<b>5777504</b>	<b>25289411</b>	<b>115124668</b>

(Amount in Rupees)

Particular	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Property, plant & equipment	0	0	0
Un absorbed Tax losses & Un absorbed Depreciation	0	0	0
Other Disallowances	0	0	0
<b>Total</b>	<b>5,777,504</b>	<b>25,289,411</b>	<b>115,124,668</b>

**3. Movement of temporary differences**

(Amount in Rupees)

Particulars	As at 1 April 2016	Unrecogn-ized Tempo-rary Diffe-rences	Unrecogn-ized Tax Losses	As at 31 March 2017	Unrecogn-ized Tempo-rary Diffe-rences	Unrecogn-ized Tax Losses	As at 31st March 2018
	Nil	Nil	Nil	Nil	Nil	Nil	Nil

**4. Statement of Un-absorbed Depreciation and Business Loss**

(Rs. In Million)

Particulars	Un absorbed Depreciation			Un absorbed Business Loss#		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
< 4 year	Nil	Nil	Nil	Nil	Nil	Nil
< 5 year	Nil	Nil	Nil	Nil	Nil	Nil
< 6 year	Nil	Nil	Nil	Nil	Nil	Nil
< 7 year	Nil	Nil	Nil	Nil	Nil	Nil
< 8 year	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

# Unabsorbed depreciation does not have any expiry period under the Income Tax Act, 1961.

The unused tax losses and unabsorbed depreciation considered above are based in the tax records and returns of the company and does not consider the potential effect of matters under dispute/litigation with the tax authorities which are currently sub-judice at various levels.

**45. Capital & Other Long Term Commitments :**

- a. Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:

(Rupees in Million)

Particulars	As at 31 March, 2018	As at 31 March, 2017	As at 1 April, 2016
Others	Nil	Nil	Nil

**46. Related Party Transactions**

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS-24) during the year 2017-18.

**A. Related party:**

- i. In terms of Ind AS 24, following are related parties which are Government Related entities i.e. Significantly controlled and influenced entities (Government of India) :-



Sr.No	Name of Company	Relationship
1.	Air India Limited	Holding
2.	Hotel Corporation of India Limited (HCI)	Fellow Subsidiary
3.	Air India Engineering Services Limited (AIESL)	Fellow Subsidiary
4.	Air India Express Limited (AIEL)	Fellow Subsidiary
5.	Airline Allied Services Limited (AASL)	Fellow Subsidiary
6.	Air India SATS Airport Services Private Limited (Other than Government related entities)	Fellow Joint Venture

**B. Board of Directors**

Sr No	Name of Director	Designation	Remark
1	Shri Pradeep Singh Kharola	CMD, Air India Ltd	Chairman
2	Ms. Gargi Kaul	AS&FA, MOCA	Government Nominee Director
3.	Shri Satyendra Kumar Mishra	Jt Secretary, MOCA	Government Nominee Director
4	Shri Vinod Hejmadi	Director (Finance), Air India Limited	Air India Nominee Director

**C. Key Managerial Personnel**

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Shri J V Ravi Kumar	Chief Financial Officer
2.	Smt Poonam Bharwani	Company Secretary

**D. Related Party Transactions**

- i. There are no transactions with Key Managerial Personnel except remuneration and perquisites to Chief Executive Officer. During the year 2017-18, an amount of Rs. 3 Million has been paid as remuneration to Chief Executive Officer.
- ii. Transactions such as providing airline related services in the normal course of airline business are not included above.
- iii. No Loans or Credit Transactions Were Outstanding with Directors or Officers of the Company or their relatives at the end of the year.



- | S. No. | Name of the Entities and Nature of transactions  | 2017-18<br>(Rs.in Mn)   | 2016-17<br>(Rs.in Mn)  |
|--------|--|---|--|
| 1.     | <p><b>Air India Ltd (AIL)</b><br/> <b><u>Reimbursement of Income</u></b><br/> Income earned on behalf of Company<br/> Reimbursement of Employee Cost</p> <p><b><u>Expenditure</u></b><br/> Service Cost<br/> Man Power billing<br/> Interest<br/> Insurance Expenses<br/> Security Charges<br/> SOD/SOL<br/> Corporate Guarantee<br/> <b>Loan Taken</b><br/> <b>Loan Repaid</b><br/> <b>Closing Balance</b></p> <p><b>Air India Engineering Services Limited (AIESL)</b><br/> <b><u>Expenditure</u></b><br/> Repair to Others (Engineering cost)<br/> Interest<br/> <b><u>Others</u></b><br/> Transfer of Gratuity &amp; Leave encashment<br/> <b><u>Reimbursement of Expenses</u></b><br/> Expenditure incurred on behalf of Company<br/> Reimbursement of Employee Cost<br/> <b>Loan Taken</b><br/> <b>Loan Repaid</b><br/> <b>Closing Balance</b></p> <p><b>Air India Express Limited (AIEL)</b><br/> <b><u>Expenditure</u></b><br/> Handling Charges<br/> Interest<br/> <b>Closing Balance</b></p> <p><b>Air India SATS Airport Services Private Limited (AISATS)</b><br/> <b><u>Expenditure</u></b><br/> Handling Charges<br/> <b>Closing Balance</b></p> | <p>670.80</p> <p>973.04</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> | <p>1073.10</p> <p>881.69</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p> |



**47. Corporate Compliance**

As per Companies Act 2013, Sec 149(4), the Company has not appointed independent director. Consequently, the Audit Committee has no independent director. There is no remuneration committee under Sec 177(2) and Sec 178 respectively.

Corporate Social Responsibility committee has been formed by the Company during 2017-18. An amount of Rs 180.13 Lakhs have been provided for CSR activities for the Financial Year 2017-18.

CSR Provision made during FY 2016-17 was INR 140 Lakhs out of which INR 84 Lakhs has been spent during the current financial year.

48. Following are the details of Foreign Currency earned and expended by the Company during the Financial Year 2017-18

<b>Foreign Exchange earned during FY 2017-18</b>	<b>USD 23,902,845</b>
<b>Foreign Exchange expended (for Import Payments) during FY 2017-18</b>	<b>USD 1,07,14,483</b>
<b>Net Foreign Exchange Earnings</b>	<b>Nil</b>

**49. Segment Reporting**

- a. In terms of IND AS – 108, the Company is engaged in ground handling business, which is its primary business segment and hence segment results are not disclosed separately. The details of geographical area wise gross handling revenue earned (derived by allocating revenue to the area from where the ground handling has originated) are given here under:

**(Rupees in Millions)**

<b>Particulars</b>	<b>FY-2017– 18</b>	<b>FY-2016– 17</b>	<b>FY - 2015 – 16</b>
<i>India</i>	6669.55	5967.90	5943.02
<b>TOTAL</b>	<b>6669.55</b>	<b>5967.90</b>	<b>5943.02</b>

The major revenue earning asset of the Company is ground handling equipments which are flexibly and optimally deployed across its route network. There is no suitable basis for allocation of assets and liabilities to geographical segment, consequently, area-wise assets and liabilities are not disclosed.

**50. Remuneration to Auditors**

The details of the audit fees and expenses of the Auditors:-

**(Rupees in Lakhs)**

<b>Particulars</b>	<b>2017-18</b>	<b>2016-17</b>
Audit Fees - For the Year	5.60	4.00
Out of Pocket Expenses*	0.93	0.00
<b>Total</b>	<b>6.53</b>	<b>4.00</b>

\*Accounted on Payment Basis



## 51. Fair value measurement and financial instruments

### a. Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As on 1 April, 2016

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
<b>Current</b>							
Trade Receivable*			2,761.15	2,761.15	-	-	-
Cash & Cash Equivalents*		551.06	551.06	-	-	-	-
Others Financial Assets			14.31	14.31	-	-	-
<b>Total</b>			<b>3326.52</b>	<b>3326.52</b>	-	-	-
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Others			3.07	3.07	-	-	-
<b>Current</b>							
Trade Payables*			315.87	315.87	-	-	-
Other Financial Liabilities		837.16	837.16				
<b>Total</b>			<b>1,156.10</b>	<b>1,156.10</b>	-	-	-

(ii) As on 31 March, 2017

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
<b>Current</b>							
Trade Receivable*			3,026.77	3,026.77	-	-	-
Cash & Cash Equivalents*			173.75	173.75	-	-	-
Others Financial Assets			37.46	37.46	-	-	-
<b>Total</b>			<b>3,237.98</b>	<b>3,237.98</b>	-	-	-



Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Others			3.07	3.07	—	—	—
<b>Current</b>							
Trade Payables*			488.09	488.09	—	—	—
Other Financial Liabilities			1,161.20	1,161.20			
<b>Total</b>			<b>1,652.36</b>	<b>1,652.36</b>	—	—	—

(iii) As on 31 March 2018

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
<b>Financial Assets</b>							
<b>Non-Current</b>							
<b>Current</b>							
Trade Receivable*			3,148.65	3,148.65	-	-	-
Cash & Cash Equivalents*			228.40	228.40	-	-	-
Others Financial Assets			0.93	0.93	-	-	-
<b>Total</b>			<b>3,377.98</b>	<b>3,377.98</b>	-	-	-
<b>Financial liabilities</b>							
<b>Non-Current</b>							
Others			2.55	2.55	-	-	-
<b>Current</b>							
Trade Payables*			125.87	125.87	-	-	-
Other Financial Liabilities			1,492.41	1,492.41			
<b>Total</b>			<b>1,620.83</b>	<b>1,620.83</b>	-	-	-

\* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature.



The fair values for loans were calculated based on discounted cash flows using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counter party credit risk.

**c. Fair Value Hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

- |          |   |
|----------|---|
| Level 1: | Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.   |
| Level 2: | Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).  |
| Level 3: | Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data. |

**52. Financial Risk Management Objective and Policies:**

The company has exposure to following risks arising from financial instruments:

- i. Credit Risk
- ii. Liquidity Risk
- iii. Market Risk
  - a. Foreign Currency, and b. Interest Rate

The Company's principal financial liabilities comprise of loan and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Board of Directors reviews and agrees policies for managing each of these risks, which summarized below:

**(i) Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counter party to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, and other financial instruments.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its



credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

On adoption of Ind AS 109, the company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivable. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience for customers. Based on the business environment in which the company operates, management considers that the trade receivable (other than receivables from government departments) are in default (credit impaired) if the payments are more than 36 months past due.

Trade receivable as at year end primarily includes Rs. 3,146.65 Millions (31<sup>st</sup> March 2017; Rs.3,026.77 millions & 1 April 2016; Rs 2,761.15 millions) relating to revenue generated from ground handling services.

The Companies exposure to credit risk for trade receivables is as follows:

(Rs in Millions)

Particulars	As at 31/03/2018		As at 31/03/2017		As at 01/04/2016	
	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance	Gross Carrying Amount	Loss Allowance
Debts not due	Nil	Nil	Nil	Nil	Nil	Nil
Debts due	3,146.65	Nil	3,026.77	Nil	2,761.15	Nil

Movement in the allowance for impairment in respect of trade receivables:

Particulars	For the year ended 31 <sup>st</sup> March 2018	For the year ended 31 <sup>st</sup> March 2017
Balance at the beginning of the Year	Nil	Nil
Movement during the year	Nil	Nil
Balance at the end of the Year	Nil	Nil

## (ii) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its Financial liabilities that are settled by delivering cash or another Financial assets.

The Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of Rs. Nil (31 March 2017: Rs Nil,



1 April 2016 Rs. Nil) will enable it to meet its future known obligation in the ordinary course of business . However, if a liquidity needs were to arise, the company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirement as necessary.

The Company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

### Exposure to Liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual cash flow amount are gross and undiscounted, and includes interest accrued but not due.

As at 31 <sup>st</sup> March 2018	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
<b>Non-Current</b>						
Others	2.55				2.55	2.55
<b>Current</b>						
Trade Payables	125.81	125.81				125.81
Other Financial Liabilities	1492.41	1492.41				1492.41

As at 31 <sup>st</sup> March 2017	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
<b>Non-Current</b>						
Others	3.07				3.07	3.07
<b>Current</b>						
Trade Payables	488.09				488.09	488.09
Other Financial Liabilities	1161.20	1161.20				1161.20



As at 31 <sup>st</sup> March 2016	Carrying amount	Contractual Cash Flows				
		Upto 1 year	1-3 Year	3-5 Year	More than 5 years	Total
<b>Non-Current</b>	3.07				3.07	3.07
Others						
<b>Current</b>						
Trade Payables	315.87	315.87				315.87
Other Financial Liabilities	837.16	837.16				837.16

### (iii) Market risk

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

#### A. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to any borrowings.

#### B. Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the company's operating, investing and financing activities.

#### Exposure to foreign Currency Risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at 31 March 2018, 31 March 2017 and 1 April 2016 are as below:

#### As at 31<sup>st</sup> March 2018

(Rs in Million)

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trade Receivables	142.92	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash and Cash equivalents	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loans	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Financial Assets</b>	<b>142.92</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>



Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

As at 31<sup>st</sup> March 2017

(Rs in Million)

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trade Receivables	187.99	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash and Cash equivalents	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loans	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Financial Assets</b>	<b>187.99</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>
Financial Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

As at 31<sup>st</sup> March 2016

(Rs in Million)

Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trade Receivables	236.66	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Cash and Cash equivalents	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Loans	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Assets	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Financial Assets</b>	<b>236.66</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>





Particulars	USD	EUR	GBP	AED	NPR	OMR	SGD	THB	CHF	QAR	AUD
Financial Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Borrowings	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Other Financial Liabilities	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Trade Payables	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Total Financial Liabilities</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>	<b>Nil</b>

### Sensitivity Analysis

A reasonably possible change of (5 %) strengthening/(weakening)of the USD against INR at the reporting date would have affected the profit or loss and measurement of financial instruments denominated in US dollars by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR (before tax)	Profit or Loss	
For the year ended 31 <sup>st</sup> march 2018	Strengthening	Weakening
5% Movement	(+) 168,94,447	(-) 168,94,447
USD	(+) 274,883	(-) 274,883

Effect in INR (before tax)	Profit or Loss	
For the year ended 31 <sup>st</sup> march 2017	Strengthening	Weakening
5% Movement	(+) 98,92,750	(-) 98,92,750
USD	(+) 164,850	(-) 164,850

As Per Our Report Of Even Date Attached

For and on behalf of  
**Jain & Jain**  
Chartered Accountants  
FRN : 103869W

Sd/-  
**CA Jimmy Sheth**  
Partner (M.No. 122280)  
Place: Delhi  
Date : 6th November 2018

For and on behalf of the Board of Directors

Sd/-  
**(Pradeep Singh Kharola)**  
Chairman  
DIN : 05347746

Sd/-  
**(J.V. Ravi Kumar)**  
Chief Financial Officer

Sd/-  
**(Vinod Hejmedi)**  
Director  
DIN : 07346490

Sd/-  
**(Capt. A.K.Sharma)**  
Chief Executive Officer

Sd/-  
**(Poonam Bharwani)**  
Company Secretary