



# **AIR INDIA AIR TRANSPORT SERVICES LIMITED**



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**BOARD OF DIRECTORS (as on 28 DECEMBER 2015)**

Shri Ashwani Lohani **Chairman**

Shri Vinod Hejmadi

Smt. Gargi Kaul

Shri B S Bhullar

**Chief Executive Officer**

Capt A K Sharma

**Company Secretary**

Smt Poonam Bharwani

**Auditors**

M/s Jain & Jain Co.

Chartered Accountants, Mumbai

**Bankers**

HDFC Bank Limited

**Registered Office**

Airlines House

113 Gurudwara Rakabganj Road

New Delhi 110 001

**DIRECTORS' REPORT**

The Directors take pleasure in presenting the Twelfth 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 March 2015.

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

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Total Revenue	<b>64701.21</b>	10181.50
Total Expenses	<b>54126.95</b>	9927.07
<b>Profit(Loss) before Extraordinary Items and Tax</b>	<b>10574.26</b>	254.44
Prior Period Tax Adjustments	<b>198.69</b>	-
<b>Profit(Loss) before Tax</b>	<b>10375.57</b>	254.44
Provisions for Tax	<b>2375.00</b>	105.00
Deferred Tax Asset	<b>(1067.65)</b>	(70.30)
<b>Net Profit(Loss) after Tax</b>	<b>9068.22</b>	219.74

During 2014-15, the first year of operationalisation, total revenue of the Company was actually Rs.707,22,30,052/- (before Revenue Sharing with Air India to the extent of Rs.62,28,99,697/-) against total revenue of Rs.101,39,90,137/- during 2013-14. The total expenses were Rs.541,26,95,435/- as against Rs.99,27,06,516/- during 2013-14. After adjusting Exceptional Items and Tax Expenses, the net profit after tax during the year ended 31 March 2015 was Rs.90,68,22,470/- as against Rs.2,19,74,457/- during 2013-14.

**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.5,00,000/- (50000 Equity Shares of Rs.10/- each) has been subscribed and paid-up by Air India Limited.

**CHANGES IN SHARE CAPITAL, IF ANY**

The Authorised Share Capital of the Company was increased from Rs.100,00,00,000/- to Rs.1000,00,00,000/- in December 2014. However, there was no change in the Paid-up Share Capital of the Company.

**Future Outlook**

AIATSL presently provides ground handling services at 63 airports. Apart from handling 86837 flights of Air India Limited and its Subsidiary Companies, ground handling is also provided for 27270 flights of 30 foreign airlines, 4 domestic airlines, HAJ and Charter / Non-Scheduled flights.

AIATSL operations alongwith financials are expected to be on a higher turnover during 2015-16. The majority of the earnings would be from handling international flights and hence the foreign exchange inflow is expected to be an effective hedge against 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, India is the ninth largest aviation market in the world by annual seat capacity and CAPA also projects it will be the third largest aviation market in the world by 2025. Today, approximately 80 Indian airports handle scheduled services, operated by nine domestic airlines, with a combined fleet of some 400 aircraft. More than 70 foreign passenger and cargo airline operators also serve Indian airports. In FY2015, total passenger traffic at Indian airports surpassed 190 million.

Development in Air Traffic Management (ATM) procedures and technology are enabling greater growth. A major institutional change in structure is planned, with the possible corporatisation of the Air Navigation Services (ANS), a division of the AAI before the end of FY2016. This would lead to considerable growth in ground handling and ancillary activities and AIATSL would stand to gain by this development.

### STAFF STRENGTH

Based on the requirement for handling of Air India, Air India Express, Alliance Air and Customer airline flights at various Indian stations, the number of staff inducted on contract under various categories as on 31 March 2015 is given below:

Asst. Controller	65
Junior. Executive Technical	50
Sr. Customer Agent	21
Customer Agent	1526
Junior Customer Agent	233
Senior Ramp Service Agent	99
Ramp Service Agent	488
Utility Agent cum Ramp Driver	236
Security Agent	936
Senior Security Agent	516
Handyman	215
Utility Service Agent	42
(absorbed as per MoU )	
<b>Total</b>	<b>4427</b>

The number of employees deputed and transferred from Air India to AIATSL as on 31 March 2015 were 1619 and 2338, respectively.

Security Handling of all the flights at all stations is carried out exclusively by AIATSL staff, as the same is not permitted to be outsourced to any agency.

### 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 2015**

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
<b>8384</b>	<b>1857</b>	<b>22.14</b>	<b>514</b>	<b>6.12</b>	<b>1312</b>	<b>15.64</b>

**ACTIVITIES OF AIATSL**

Following activities were taken over and outsourced by AIATSL during the Financial Year 2014-15, after following necessary tender procedure :

**At KOZHIKODE**, Outsourcing of Cabin Cleaning / Dressing and Miscellaneous Services, GS Auxiliary Facilitation at CCJ Baggage Scanning, Cargo Handling, Auxiliary Services, Baggage Handling, Terminal Ramp Services were taken over effective 1 July 2014 and Passenger/Cargo Facilitation Services effective 1 September 2014 by M/s Khullar Hospitality Pvt Ltd.

**At COIMBATORE**, Providing Passenger and Cargo Facilitation Services were taken over by M/s Visskan Aviation Pvt. Ltd. effective 1 July 2014 and Baggage Services and Ramp Assistance Services by M/s Khullar Hospitality Pvt. Ltd. effective 10 December 2014.

**At COCHIN**, Providing Baggage / Cargo Handling, Miscellaneous Services were taken over by M/s Khullar Hospitality Pvt Ltd effective 1 August 2014.

**At JAIPUR**, Providing Baggage / Cargo Handling / Miscellaneous Services were taken over by M/s Neha Aviation Management Pvt. Ltd. effective 1 October 2014.

**At MUMBAI**, Providing Cabin Cleaning, Passenger and Baggage Handling Services for Emirates (A380) effective 22 July 2014, Industrial / Professional Cleaning Cargo (AI Warehouse) effective 1 September were taken over by M/s Livewel Aviation Services Pvt. Ltd. Also, providing services for Comprehensive Maintenance and Operation of Equipment at Agriculture & Processed Food Products Export Development Authority (APEDA) Unit, Air India Cargo Section Services were taken over by M/s Delite System Engineering (I) Pvt. Ltd. effective 1 October 2014.

**At PUNE**, Providing Handymen for Passenger facilitation and Baggage Handling Services were taken over by M/s Visskan Aviation Services Pvt. Ltd. effective 15 July 2014 and Cabin Cleaning Dressing and Miscellaneous Services were taken over by M/s Livewel Aviation Services Pvt. Ltd. effective 1 September 2014.

**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.

The following is a summary of sexual harassment complaints received and disposed off during the year 2014-15 :

No. of Complaints received	3
No. of Complaints disposed off	3

**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. 3 Assistant Public Information Officers (APIOs), 4 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications / appeals.

During 2014-15, 19 Requests / Appeals were received, out of which 8 Requests / Appeals 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 conserve the resources of the Company, the Directors are not recommending any dividend.

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

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

**MATERIAL CHANGES AND COMMITMENTS**

As required under the provisions of Section 134(3)(1) of the Companies Act, 2013, giving below the changes that have occurred between 31 March 2015 and the date of the Board's Report, which have affected the financial position of the Company :

Paid-up Share Capital of the Company has been increased from Rs.5,00,000/- to Rs.138,42,42,000/- by allotment of 13,83,74,200 Equity Shares of Rs.10/- each to Air India Limited.

**MEETINGS OF THE BOARD OF DIRECTORS**

As required under Section 173 of the Companies Act, 2013, Four Meetings of the Board of Directors of the Company were held during the Financial Year 2014-15 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	9 July 2014	4	4
2	5 November 2014	4	3
3	26 November 2014	4	4
4	26 February 2015	4	4

**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 2015 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 :

Name of the Director	Position Held in the Committee	Category of the Director
Additional Secretary & Financial Advisor, MOCA	Chairperson	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 2014-15 by the Comptroller & Auditor General of India.

Management clarifications / explanations to the 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 the Section 186 are not applicable to the Company.

### SECRETARIAL AUDITORS

The Board has appointed M/s Husain Wagh & Co., Company Secretaries, Mumbai to conduct the Secretarial Audit for Financial Year 2014-15. The Secretarial Audit Report for the Financial Year ended 31 March 2015 is annexed at Annexure I 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" data-bbox="852 1060 1485 1207"> <tr> <td>Addl Secretary &amp; Financial Advisor, MOCA</td><td>Chairman</td></tr> <tr> <td>CMD, Air India</td><td>Member</td></tr> <tr> <td>AIL Nominee Director</td><td>Member</td></tr> </table> <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>	Addl Secretary & Financial Advisor, MOCA	Chairman	CMD, Air India	Member	AIL Nominee Director	Member
Addl Secretary & Financial Advisor, MOCA	Chairman						
CMD, Air India	Member						
AIL Nominee Director	Member						
<p>The Company has not constituted Corporate Social Responsibility (CSR) Committee and has not complied with the provisions of Section 135 of the Companies Act, 2013</p>	<p>As required under Section 135 of the Companies Act, 2013, the CSR Committee should consist of three directors out of which at least one director should be Independent Director. Presently, there is no Independent Director on the Board of AIATSL. In view of this the CSR Committee has not been constituted.</p>						



Secretarial Auditor's Observation	Management's Reply
	<p>The matter regarding appointment of Independent Directors has been taken up with the Ministry of Civil Aviation by Air India Limited, the Parent Company.</p> <p>The Company is not required to constitute CSR Committee during 2014-15 as it does not meet the criteria prescribed under Section 135(1) of the Companies Act, 2013 during the Financial Year 2013-14.</p>
The Company has not complied with the provisions of Section 148 of the Companies Act, 2013 read with Cost (Cost Records & Audit) Rules, 2014 as amended with regard to the maintenance of Cost Records and Cost Audit	Cost Auditors have been appointed by the Board in its Meeting held on 21 January 2016 to conduct the Audit of Cost Records of the Company.

## **COST AUDIT**

M/s Meena Gupta & Associates, Cost Accountants, Mumbai were appointed as the Cost Auditors of the Company on 21 January 2016 and their Audit Report on the Cost Records of the Company for the 12 Month period will be submitted to the Central Government in due course.

## **ORDER OF COURT**

No 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**

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.

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

The Company is not required to constitute CSR Committee as required under Section 135 of the Companies Act, 2013 as it does not meet the prescribed criteria stipulated under that Section during the Financial Year 2013-14.

However, under the Corporate Social Responsibility, during 2014-15, the Company has invested Rs.45.86 lakhs towards installation of Solar Power Energy System of 50Kw atop the GSD Building, Air India Complex at Delhi as a Green Initiative.

## **CORPORATE GOVERNANCE**

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board. This matter is being pursued with the Administrative Ministry.

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 II.

## **PARTICULARS OF EMPLOYEES**

The Company being a Government Company is exempted to furnish information under Section 197 of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 with regard to Particulars of Employees vide Notification No. G.S.R.463(E) dated 5 June 2015.

## **DEPOSITS**

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

## **ANNUAL EVALUATION**

The provisions of Section 134(3)(p) relating to Board Evaluation are not applicable as the Company does not have prescribed Paid-up Capital as required for such disclosure.

## **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.

## **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 2014-15, 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	Smt M Sathiyavathy	Nominee Director (MOCA)	26.02.2014	11.02.2015	Nomination not extended by MOCA
2	Shri G Asok Kumar	Nominee Director (MOCA)	11.02.2014	23.04.2014	Nomination not extended by MOCA
3	Shri Arun Kumar	Nominee Director (MOCA)	23.04.2014	01.01.2015	Nomination not extended by MOCA
4	Shri B S Bhullar	Nominee Director (MOCA)	01.01.2015		
5	Shri S S Mohanty	Nominee Director (MOCA)	11.02.2015	06.05.2015	Nomination not extended by MOCA

## FACTS OF RESIGNATION OF DIRECTOR [SECTION 168(1)]

Not Applicable.

## 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 2015 are annexed to this Report.

## ACKNOWLEDGEMENTS

The Board gratefully acknowledges the support and guidance received from Air India Limited, the Ministry of Civil Aviation, Airports 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**

**ASHWANI LOHANI**  
Chairman

Place : New Delhi  
Date : 21 January 2016



## 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 2015**

Shri Rohit Nandan  
Chairman & Managing Director  
Air India Limited

Chairman

Shri S Venkat  
Director(Finance),Air India Limited

Air India Nominee Director

Shri S S Mohanty  
Addl Secretary & Financial Advisor  
Ministry of Civil Aviation

Shri Balwinder Singh Bhullar  
Joint Secretary,Ministry of Civil Aviation

Shri S S Mohanty was appointed as Director on the Board of the Company vice Smt. M. Sathiyavathy, who ceased to be Director on the Board of the Company with effect from 11 February 2015.

Shri Balwinder Singh Bhullar, Jt Secretary, Ministry of Civil Aviation was appointed Director on the Board of the Company vice Shri Arun Kumar, who ceased to be Director on the Board of the Company with effect from 1 January 2015.

The Board places on record its appreciation of the valuable services rendered by Smt. M. Sathiyavathy and Shri Arun Kumar as Directors 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**

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

9 July 2014 (49<sup>th</sup> Meeting)

5 November 2014 (50<sup>th</sup> Meeting)

26 November 2014 (51<sup>st</sup> Meeting)

26 February 2015 (52<sup>nd</sup> Meeting)



Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2014-15:

Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Rohit Nandan Chairman	Post Graduation in History & MBA from UK	4	<u>Chairman</u> Air India Ltd. Air India Charters Ltd. Air India Engineering Services Ltd. Airline Allied Services Ltd. Hotel Corporation of India Ltd. <u>Director</u> Air India SATS Airport Services Pvt. Ltd. Air Mauritius Ltd. Air Mauritius Holdings Ltd.	<u>Chairman</u> Finance Committee, AIL HR Committee, AIL Strategic Committee, AIL <u>Permanent Invitee</u> Audit Committee, AIL <u>Member</u> Corporate Social Responsibility and Sustainability Committee, AIL Nomination & Remuneration Committee, AIL Audit Committee – Hotel Corporation of India Ltd Audit Committee – Air India Charters Ltd
Shri S Venkat Director(Finance), Air India Limited (effective 27 December 2013)	B.Com., FCA, FCWA, FCS & CPA (US)	4	<u>Director</u> Air India Ltd. Air India Charters Ltd. Airline Allied Services Ltd. Hotel Corporation of India Ltd. Air India Engineering Services Ltd. Air India SATS Airport Services Pvt. Ltd.	<u>Member</u> Finance Committee, AIL <u>Special Invitee</u> Audit Committee, AIL <u>Co-opted Member</u> Strategic Committee, AIL <u>Member</u> Audit Committee- Hotel Corporation of India Ltd Audit Committee- Air India Charters Ltd
Smt M Sathiyavathy Addl Secretary & Financial Advisor, Ministry of Civil Aviation (effective 26	Post Graduate	3	<u>Government Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd.	<u>Member</u> Audit Committee, AIL Strategic Committee, AIL Finance Committee, AIL



Name of the Director	Academic Qualifications	Attendance out of 4 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
February 2014 to 11 February 2015)				
Shri S. S. Mohanty Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (effective 11 February 2015)	Post Graduate	1	<u>Government Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd.	<u>Member</u> Audit Committee, AIL Strategic Committee, AIL Finance Committee, AIL
Shri Arun Kumar Jt. Secretary, Ministry of Civil Aviation (upto 1 January 2015)	B.Sc.- Engg(Mech)	2	<u>Government Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd.	<u>Member</u> Strategic Committee, AIL HR Committee, AIL Nomination & Remuneration Committee, AIL
Shri Balwinder Singh Bhullar Jt. Secretary, Ministry of Civil Aviation (effective 1 January 2015)	Post Graduation in Business Administration	1	<u>Government Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd.	<u>Member</u> Nomination & Remuneration Committee, AIL HR Committee, AIL Strategic Committee, AIL

## 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 2015, the following were the Members of the Audit Committee :

Addl Secretary & Financial Advisor, MOCA	Chairman
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>
9 <sup>th</sup>	27 December 2012 at 1000hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001
10 <sup>th</sup>	30 December 2013 at 1400hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001
11 <sup>th</sup>	29 December 2014 at 1400hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001

**SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31<sup>ST</sup> MARCH, 2015**

*[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, 2015 ('**Audit Period**') generally 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, 2015 according to the applicable provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder (**In so far as they are applicable**);
- (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, 1992 **(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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 **(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);**

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 generally 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.

As regards applicable laws, other than those listed above have not been reviewed in this Audit since the same are subject to review by other designated officers and professionals.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India **(Not applicable to the Company during the Audit Period).**
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s) **(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.*
- iii. *The Company has not constituted the Corporate Social Responsibility (CSR) Committee and has not complied with the provisions of Section 135 of the Companies Act, 2013.*
- iv. *The Company has not complied with the provisions of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 as amended with regards to the maintenance of cost records and cost audit.*

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

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 with the requisite majority.

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 period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, referred to above:

- a) The Members of the Company have accorded their approval for rearrangement and increase in its Authorised Share Capital from Rs.1,00,00,00,000/- (Rupees One Hundred Crores) divided into 9,00,00,000 (Nine Crore) Equity shares of Rs.10/- (Rupees Ten) each and 10,00,000 (Ten Lakh) Redeemable Preference shares of Rs.100/- (Rupees One Hundred) each to Rs.1000,00,00,000/- (Rupees One Thousand Crores) divided into 100,00,00,000 (One Hundred Crores) Equity Shares of Rs.10/- (Rupees Ten) each.

**Husain Y. Wagh**  
**Practicing Company Secretary**

**ACS No: 32996**  
**Certificate of Practice No-12153**

**Place : Mumbai**  
**Date : 21 January, 2016**

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.

**Husain Y. Wagh**  
**Practicing Company Secretary**

**ACS No: 32996**  
**Certificate of Practice No-12153**

**Place : Mumbai**  
**Date : 21 January, 2016**



## Annexure - II

**Annexure to Directors' Report for the year 2014-15**  
**FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN**

**As on financial year ended on 31.03.2015**

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 01-04-2014]				No. of Shares held at the end of the year [As on 31-03-2015]				% Change during the year
	Demat	Physical	During the year	% 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.	-	50000	50000	100		50000	50000	100	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)		50000	50000	100	-	50000	50000	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 01-04-2014]				No. of Shares held at the end of the year [As on 31-03-2015]				% 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)		50000	50000	100		50000	50000	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 Pledged / encumber to total shares	
1	Air India Limited	50000	100	NIL	50000	100	NIL	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	50000	100	50000	100
	<b>At the end of the year</b>				
	Air India Limited	50000	100	50000	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 Rohit Nandan	1	0	1	0
2	Shri S Venkat	1	0	1	0
	<b>Total</b>	<b>2</b>	<b>0</b>	<b>2</b>	<b>0</b>

**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/WTM/ 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/WTB**

( 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 Company Secretary is holding the position in addition to her responsibilities as Dy. Manager-Corporate Affairs, Air India Ltd. Similarly, CFO is on deputation from Air India and no remuneration is paid to them by AIATSL.

**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	-	-	-	-	-



**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 2015**

The preparation of financial statement of Air India Air Transport Services Limited for the year ended 31 March 2015 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor/ auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are 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 21 January 2016.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of Air India Air Transport Services Limited for the year ended 31 March 2015. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of a some of the accounting records. On the basis of my audit nothing significant has come to my acknowledge which would give rise to any comment upon or supplement to Statutory Auditors' Report.

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

Sd/-  
**Parama Sen**  
Principal Director of Commercial Audit &  
ex-officio Member, Audit Board-II, Mumbai

Place : Mumbai  
Date : 15 March 2016

**REPORT OF THE AUDITORS TO THE MEMBERS OF AIR INDIA AIR TRANSPORT SERVICES LIMITED****Report on financial Statement**

We have audited the accompanying financial statements of **Air India Air Transport Services Ltd. (AIATSL)** (the Company), which comprises the Balance Sheet as at March 31, 2015, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

**Basis for Qualified Opinion**

- 1) **The Company has not complied with, AS 15 – "Employees Benefits" to the extent of the correct measurements and recognition of post retirements medical benefits as per the requirement of Para 50 and 51 of Accounting Standard -15. The impact remains to be ascertained.**





- 2) The impact of following adjustments arising out of the reconciliation/confirmation of balances as stated in Note – 33 (d), (e) and 41 on the financial statement is being ascertained:
- i) Standard on Auditing 505 – “External Evidence” of certain receivables and payables and its consequential impact, if any (CIAL, MIAL, AAI, DIAL).
  - ii) Reconciliation of Tax Deducted at Source and other Debtor/Creditor balances under the head loan and advances as stated in Note 31.
- 3) During the year Handling Business of Air India Limited has been transferred to the Company under Turn Around Plan (TAP). Details of Income and Expenditure transferred from Air India Limited are mentioned in Note - 30. Related all supporting documents, invoices, vouchers, etc and also basis for transferring the revenue and expenditure are not in the possession of the company except the Salary of Deputed employees of Rs. 120.95 Crores. And also some of the inventory (spares, stores, etc), levies (AAI, CIAL, MIAL, DIAL), etc. relating to handling activities are not transferred.

### 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 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:

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

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

- 1. Note - 23 to the financial statements, during the year Company has changed the Accounting policy for Depreciation from Written Down Value to Straight Line Method. The financial impact on profit and loss account due to change in method is Rs. 2259 Lakhs.
- 2. Note - 27 to the financial statements, as per the MOU between Air India Limited (AIL) and the Company, 20% of its third party revenue should be shared from the 4<sup>th</sup> year of operation of the Company but in the first year itself it is shared.
- 3. Note - 29 to the financial statements, Revenue of Rs. 323.22 Lakhs related to Engineering Services (Certification) to 3<sup>rd</sup> party airlines from January to March 2015 is transferred to AIESL.
- 4. Note - 37 to the financial statements, Revenue from Government parties of Rs. 93.00 Lakhs on which Service Tax and/or Levy not charged.
- 5. Note - 38 to the financial statements, Service Tax of Rs. 13.52 lakhs is not accounted in case of services received from Air India Charters Limited.



6. Note - 40 to the financial statements, in respect of certain contracts of handling activities with 3<sup>rd</sup> party airlines are expired.
7. Note - 42 to the financial statements, non-availability of supporting documents for services provided to Group Company and revenue of the same not reconciled.
8. Note – 44 (II) to the financial statements, since the employees are transferred from AIL w.e.f 1<sup>st</sup> April 2014 but the opening actuarial valuation of the retirement benefits of the transferred employees not provided, so we are not able to comment on the same.
9. Note - 46 to the financial statements, section 135, 149(4) and 177 provisions of Companies Act, 2013 not complied.

**Other Matters**

Records/Financial Transactions/Information of Invoices raised on THAI airways as mentioned in Note -47 of Rs. 377.00 Lakhs were not made available:

Our opinion is not qualified in respect of above matters.

**Report on Other Legal and Regulatory Requirements**

- As required by the Companies (Auditor's Report) Order, 2015 ("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.
- As required by Section 143(3) of the Act, we report that:
  - a) We have 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 and the Cash Flow Statement 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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an effect on the financials (understatement/overstatement) of the Company.
  - f) Section 164 (2) of the Companies Act, 2013 Disqualification of directors is not applicable to the Government Company.
  - 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 other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 in its financial statements – Refer Note 33 to the financial statements;
  - 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.
- i) As required by Section 143(5) of the Act, we give in **Annexure – B**, a Statement on the Matters specified by the Comptroller and Auditor General of India for the Company.

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

**CA Ajay B Jain**  
(Partner)  
M. No.110372

Place: Delhi  
Date : 21 January, 2016



## ANNEXURE TO THE AUDITOR'S REPORT

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, 2015.

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) Assets to the tune of Rs. 13,757 Lakhs was transferred on 1<sup>st</sup> April 2014 and assets costing Rs 3,259 Lakhs were transferred from Air India Limited (AIL) under Turn Around Plan (TAP). ***Fixed Assets register is under process of updation with respect to quantitative details, exact date of purchase, location of its fixed assets.***  
  
(b) ***On transfer of Fixed Assets from AIL, management has not physically verified the fixed assets. As informed to us Company has a policy for physical verification of fixed assets once in two year and last verification was conducted in March 2014 but the reports of the same is not provided, so we are not able to comment on the same.***
2. On transfer of Ground handling business ***AIL has not transferred the Inventory for Handling activities*** hence physical verification of the same does not arise.
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 iii (a) and (b) of the order are not applicable to the Company.
4. ***Internal Control System needs to be strengthen in terms of the following:***
  - 1) ***To establish the control on the revenue booking. For revenue booking MBS system is in place. Entry has been passed from MBS to SAP. But in the MBS some instances noted where master data entry from signed agreement into the MBS was not done properly so consequently short or excess billing was done. (Refer Note 15)***  
  
***Some part of the revenue is accounted through manual punching not through the MBS.***
  - 2) ***Time gap between the service provided and invoice raised needs to reduce.***
  - 3) ***There is no Internal Audit system in place for verification of internal control, continuing weaknesses, etc.***
5. According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.
6. ***As per the understating of 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 but the same is not maintained and complied.***
7. (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, 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. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable.



- (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 and excise duty which have not been deposited on account of any disputes.
8. The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.
9. Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
10. According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institutions.
11. Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.
12. Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.

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

**CA Ajay B Jain**  
(Partner)  
M. No.110372

Place: Delhi  
Date : 21 January, 2016



**Annexure – B**

**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.”

**Company has not selected for Disinvestment, hence clause is not applicable to the Company.**

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

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

3. 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.**

4. 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 12 pending legal/ arbitration cases. Details of the cases are attached in Table A.**

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

**CA Ajay B Jain**  
(Partner)  
M. No.110372

Place: Delhi  
Date : 21 January, 2016



## List of Pending Court Cases/Industrial Disputes - 31.3.2015

Sl.No.	Court	WP No.	Filed By	Brief Facts of the case	Status	Remarks
1.	High Court of Delhi	WP 7112/2008	Mr. Mukesh	Challenging his medical unfitness during Pre-engagement Medical Examination for the post of Ramp Service Agent.	Counter Affidavit on Mgmt. behalf has been filled on 7.2.2009. Posted for 27.4.2009. Thereafter listed on 1.9.2010 for final arguments. As Petitioner's Counsel did not appear, the case was adjourned to 17.1.2011 for final arguments/disposal.	
2.	High Court of Bombay	Appellate Criminal Jurisdiction Criminal Writ Petition No. 3302/2009	Mr. H.D. Mahale	Challenging the termination of his contractual engagement as Ramp Service Agent on 16.11.2009.	Listed on 17.6.2010 when the Court ordered the Petitioner to amend his WP. The case is yet to come up.	
3.	High Court of Kerala	WP 12501/2013	Mr. V.P.Sony	Challenging employment notification for various posts, regularizing the service of the Petitioner and promotion to the post of Sr. RSA.	WP admitted on 13.8.2013. Interim order issued to the Mgmt. to go ahead with the recruitment process. Counter Affidavit filled by Mgmt. in Sept. 2013. Came up for final hearing on 21.1.2014 when listed for hearing in the first week of February 2014. Not come up for hearing till now.	


**List of Pending Court Cases/Industrial Disputes - 31.3.2015**

<b>Sl.No.</b>	<b>Court</b>	<b>WP No.</b>	<b>Filed By</b>	<b>Brief Facts of the case</b>	<b>Status</b>	<b>Remarks</b>
4.	Allahabad High Court, Lucknow Bench	WP No. 81 (SS)/2013	Mr. Om Prakash Pandey	Challenging his termination from contractual engagement as Ramp Service Agent-1 vide order dated 18.5.2012.	Listed for admission on 20.12.2013. Did not come up.	
5.	Central Govt. Indl. Tribunal, Mumbai	1/15 of 2007	Bahujan Kamgar Union	Demanding regularization of 70 workmen in AIATSL.	Mgmt. filed written statement on 11.4.2008. Listed for rejoinder of the Union 4.7.2008. Adjourned on various occasions for rejoinder by Union. Last adjournment was on 15.2.2011. Pending, Affidavit on behalf of the Management has been filed on 3.10.2014. Yet to come up.	
6.	High Court of Madras	32951/2013	Global Facilitation Management Services	Challenging disqualification during tender process.	Matter to be listed before appropriate bench on civil side	
7.	High Court of Delhi	Company Petition No. 628 of 2013	J.P.Aviation Services P.Ltd.	Praying for winding up of the company in view of failure on the part of AIATSL to payment of Rs.1,18,90,441. (Demanded Rs.1,40,30,720/- inclusive of interest @ 18% p.a.)	Petition to come up on 6.5.2014 for hearing. Case is posted on 9.9.2014	




**List of Pending Court Cases/Industrial Disputes - 31.3.2015**

Sl.No.	Court	WP No.	Filed By	Brief Facts of the case	Status	Remarks
8.	CGIT, Ernakulam		Aviation Industry Contractual Employees Assocn., Kerala	Whether the action of the AIATSL Management in inducting 7 Ramp Supervisors at Cochin international Airport through an outsourcing Agency and thereby denying promotion to the existing qualified and experience Senior Ramp Agents of the Company is correct? To what relief the concerned workmen are entitled to?	Case posted to 29.10.2014. The Association has not submitted their say. Posted to 7.1.2015 and posted to 13.2.2015 for the statement from the Association. Posted to 14.3.2015 for the statement from the Assocn.	Govt. of India, Ministry of Labour has referred the dispute to CGIT-cum-Labour Court, Ernakulam vide order No. 11012/21/2014 (IRICM-I) dated 19.8.2014
9.	Patiala House Court, New Delhi	CC No. 148/21/13	LEO C, New Delhi	Under Section 23/24 CL (R&A) Act, for violation of Contracts Labour Act.		Case came up on 1.10.2014, 18.10.2014, posted to 6.1.2015, Posted to 11.2.2015, Posted to 21.4.2015.
10.	Court of Judicial Magistrate, Amritsar	41/2014	LEO C, Jalandhar	Under Section 23/24 CL (R&A) Act, for violation of Contract Labour Act	Posted to 27.2.2015. Now posted to 17.4.2015	17.4.2015



## List of Pending Court Cases/Industrial Disputes - 31.3.2015

Sl.No.	Court	WP No.	Filed By	Brief Facts of the case	Status	Remarks
11.	Court of Judicial Magistrate, Amritsar	9509/14	LEO C, Jalandhar	Under Section 21 of Payment of Wages (ATS) Act 1968	The court summons has not been served on the concerned person of the company and has advised issuance of fresh notice. Case listed on 12.6.2015 for issuing fresh summons.	Listed to 12.6.2015
12.	High Court of Kerala	WPC8396/2015 Union of India, CMD, AIL, COO, AIATSL, APM, AIL, COK	Aviation Ind. Contractual Emp. Assocn., Kochi	To regularize the shift systems of GH employees as single night pattern.	Came up for admission on 17.3.2015. Posted to 31.3.2015 for counter affidavit/ statement of Respondents.	Posted to 31.3.2015



Sl.No.	Audit Observations	Management Reply
	<p>Our responsibility is to express an opinion on these 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 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 financial statements are free from material misstatement</p> <p>An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.</p>	<p><b>This is a statement of Fact</b></p>
1	The Company has not complied with, AS 15 – "Employees Benefits" to the extent of the correct measurements and recognition of post retirements medical benefits as per the requirement of Para 50 and 51 of Accounting Standard -15. The impact remains to be ascertained.	<p><b>Since the medical facilities are being offered to the transferred employees by the Holding Company and at the year end the expenses are debited to the Company as per the agreement. Necessary provisions have been made in the books of Holding Company Air India</b></p>
2	The impact of following adjustments arising out of the reconciliation/confirmation of balances as stated in Note – 33 (d), (e) and 41 on the financial statement is being ascertained:	



Sl.No.	Audit Observations	Management Reply
3	<p>i) Standard on Auditing 505 – “External Evidence” of certain receivables and payables and its consequential impact, if any (CIAL, MIAL, AAI, DIAL)</p> <p>ii) Reconciliation of Tax Deducted at Source under the head loan and advances as stated in Note 31.</p> <p>During the year Handling Business of Air India Limited has been transferred to the Company under Turn Around Plan (TAP). Details of Income and Expenditure transferred from Air India Limited are mentioned in Note - 30. Related all supporting documents, invoices, vouchers, etc and also basis for transferring the revenue and expenditure are not in the possession of the company except the Salary of Deputed employees of Rs. 120.95 Crores. And also some of the inventory (spares, stores, etc), levies (AAI, CIAL, MIAL, DIAL), etc. relating to handling activities are not transferred.</p> <p><b>Qualified Opinion</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 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:</p> <p>(a) In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2015;</p> <p>(b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and</p> <p>(c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.</p> <p><b>Emphasis of Matter</b></p> <p>We draw attention to the following matters in the Notes to the financial statements:</p>	<p><b>Reconciliation with financial records has been completed and the Company has already sought the confirmation of balances from Vendors.</b></p> <p><b>TDS deducted at source by outside parties for which reconciliation with Income Tax data base (Form No. 26AS) as well as follow up for TDS certificates is in progress. The Company is confident of realizing its dues</b></p> <p><b>During the Financial Year 2014-15, the invoices raised by Air India as well as expenditure incurred by Air India on behalf of the Company has been credited / debited by operating Holding Company / Inter Company Account. The transfers have been done by Stations / Regions and all the supporting documents are available at the respective stations for verification</b></p> <p><b>Audit comments noted</b></p>



Sl.No.	Audit Observations	Management Reply
1	Note - 23 to the financial statements, during the year Company has changed the Accounting policy for Depreciation from Written Down Value to Straight Line Method. The financial impact on profit and loss account due to change in method is Rs. 2259 Lakhs.	<p><b>The assets procured during the Financial Year 2014-15 has been depreciated at Straight Line Method in line with the Holding Company's accounting policies.</b></p> <p><b>During the year Company has adopted Straight Line Method of Depreciation instead of Written down Value for Office Equipments as compared to the previous year (Gross Asset Value 91,655).</b></p>
2	Note - 27 to the financial statements, as per the MOU between Air India Limited (AIL) and the Company, 20% of its third party revenue should be shared from the 4 <sup>th</sup> year of operation of the Company but in the first year itself it is shared.	<b>As per the agreement entered into with the Holding Company, Air India, the Company has shared 20% of its revenue from 3rd party handling.</b>
3	Note - 29 to the financial statements, Revenue of Rs. 323.22 Lakhs related to Engineering Services (Certification) to 3 <sup>rd</sup> party airlines from January to March 2015 is transferred to AIESL.	<b>This is a statement of fact</b>
4	Note - 37 to the financial statements, Revenue from Government parties of Rs. 93.00 Lakhs on which Service Tax and/or Levy not charged.	<b>The Service Tax / Levy have been subsequently charged during the Financial Year 2015-16 and accounted for</b>
5	Note - 38 to the financial statements, Service Tax of Rs. 13.52 lakhs is not accounted in case of services received from Air India Charters Limited.	<b>The Company has accounted for the service tax in the year 2015-16</b>
6	Note - 40 to the financial statements, in respect of certain contracts of handling activities with 3 <sup>rd</sup> party airlines are expired.	<b>As per IATA SGHA, the contract can be continued till such time the parties give in writing terminating the same. The Company continues to provide the services and the parties are honoring the invoices. The Company is in the process of renewing the contracts</b>
7	Note - 42 to the financial statements, non-availability of supporting documents for services provided to Group Company and revenue of the same not reconciled.	<b>The services to Group Companies are billed on the basis of flights operated and handled. The data is provided by Integrated Operation Command Centre. The Company is in the process of implementing solutions to capture data on-line and generating supporting documents through system. The revenue from the Group Companies have been reconciled.</b>



Sl.No.	Audit Observations	Management Reply
8	Note – 44 (II) to the financial statements, since the employees are transferred from AIL w.e.f 1 <sup>st</sup> April 2014 but the opening actuarial valuation of the retirement benefits of the transferred employees not provided, so we are not able to comment on the same.	<b>This is a statement of fact</b>
9	Note - 46 to the financial statements, section 135, 149(4) and 177 provisions of Companies Act, 2013 not complied.	<b>The Company is wholly owned subsidiary of Air India. The appointment of independent director on the Board of the Company has been taken up with the Ministry of Civil Aviation by Air India under Section 149(4).The Company has formed Audit Committee as required under section 177 in its 51<sup>st</sup> Board Meeting held on 26<sup>th</sup> November 2014. Corporate Social Responsibility committee has not been formed by the Company and consequently, has not complied with other provisions of Sec 135 of Companies Act 2013. However the Committee shall be formed in the current financial year 2015-16.</b>
	<b>Other Matters</b>	
	Records/Financial Transactions/Information of Invoices raised on THAI airways as mentioned in Note -47 of Rs. 377.00 Lakhs were not made available	<b>Audit Comments Noted</b>
	<b>Report on Other Legal and Regulatory Requirements</b>	
1	As required by the Companies (Auditor's Report) Order, 2015 ("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.	<b>This is a statement of Fact</b>
2	<b>As required by Section 143(3) of the Act, we report that -</b>	
	a) We have 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>This is a statement of Fact</b>



Sl.No.	Audit Observations	Management Reply
	<p>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.</p> <p>c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.</p> <p>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 Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.</p> <p>e) The matter described in the Basis for Qualified Opinion paragraph above, in our opinion, may have an effect on the financials (understatement/ overstatement) of the Company.</p> <p>f) Section 164 (2) of the Companies Act, 2013 Disqualification of directors is not applicable to the Government Company.</p> <p>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.</p> <p>h) 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, in our opinion and to the best of our information and according to the explanations given to us:</p> <p>i. The Company has not disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note 33 to the financial statements;</p>	<p><b>This is a statement of Fact</b></p>



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





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

Sl.No.	Audit Observations	Management Reply
	<p>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, 2015.</p> <p>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:</p>	
1 (a)	Assets to the tune of Rs. 13,757 Lakhs was transferred on 1st April 2014 and assets costing Rs 3,259 Lakhs were transferred from Air India Limited (AIL) under Turn Around Plan (TAP). <i>Fixed Assets register is under process of updation with respect to quantitative details, exact date of purchase, location of its fixed assets.</i>	<b>The Company has implemented Fixed Assets module in SAP which streamlines the data on the Fixed Assets including the Quantitative details, Location.</b>
1 (b)	<i>On transfer of Fixed Assets from AIL, management has not physically verified the fixed assets. As informed to us Company has a policy for physical verification of fixed assets once in two year and last verification was conducted in March 2014 but the reports of the same is not provided, so we are not able to comment on the same.</i>	<b>The assets were held by the Holding Company (Air India Limited) during the Financial Year ended on 31st March 2014 and the Company is in the process of appointing independent Chartered Accountant firm for carrying out physical verification of assets.</b>
2	On transfer of Ground Handling business AIL has not transferred the inventory for handling activities hence physical verification of the same does not arise	<b>This is a statement of Fact</b>
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 iii (a) and (b) of the order are not applicable to the Company.	<b>This is a statement of Fact</b>
4	<p><b>Internal Control System needs to be strengthen in terms of the following:</b></p> <p>1) <i>To establish the control on the revenue booking. For revenue booking MBS system is in place. Entry has been passed from MBS to SAP. But in the MBS some instances noted where master data entry from signed agreement into the MBS was not done</i></p>	<b>Audit Comments are noted</b>



Sl.No.	Audit Observations	Management Reply
	<p><i>properly so consequently short or excess billing was done. (Refer. Note 15)</i>  <i>Some part of the revenue is accounted through manual punching not through the MBS</i></p> <p>2) <i>Time gap between the service provided and invoice raised needs to reduce.</i></p> <p>3) <i>There is no Internal Audit system in place for verification of internal control, continuing weaknesses, etc.</i></p>	<p><b>Audit Comments are noted</b></p> <p><b>The Company is in the process of appointing independent Chartered Accountants for conducting Internal Audit</b></p>
5	According to the information and explanations given to us, the Company has not accepted any deposits from the public covered under section 73 to 76 of the Companies Act, 2013.	<b>This is a statement of Fact</b>
6	<i>As per the understating of 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 but the same is not maintained and complied.</i>	<b>The Company is in the process of appointing Cost Accountants for conducting Cost Audit</b>
7 (a)	According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, 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. According to the information and explanations given to us there were no outstanding statutory dues as on 31st of March, 2015 for a period of more than six months from the date they became payable.	<b>This is a statement of Fact</b>
7 (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 and excise duty which have not been deposited on account of any disputes.	<b>This is a statement of Fact</b>
8	The Company does not have any accumulated loss and has not incurred cash loss during the financial year covered by our audit and in the immediately preceding financial year.	<b>This is a statement of Fact</b>



Sl.No.	Audit Observations	Management Reply
9	Based on our audit procedures and on the information and explanations given by the management, we are of the opinion that, the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.	<b>This is a statement of Fact</b>
10	According to the information and explanations given to us, the Company has not given any guarantees for loan taken by others from a bank or financial institutions.	<b>This is a statement of Fact</b>
11	Based on our audit procedures and on the information given by the management, we report that the company has not raised any term loans during the year.	<b>This is a statement of Fact</b>
12	Based on the audit procedures performed and the information and explanations given to us, we report that no fraud on or by the Company has been noticed or reported during the year, nor have we been informed of such case by the management.	<b>This is a statement of Fact</b>



### Annexure B 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
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."	Company has been not selected for Disinvestment, hence clause is not applicable to the Company	Nil	The Company has not been selected for dis-investment
2	Please report whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	No such waiver/write off observed.	Nil	During the year, there has been no waiver / write-off of debts / loans / Interest
3	Whether proper records are maintained for inventories lying with third parties & assets received as gifts from Government 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	Nil	During the year, there are no such inventory lying with 3rd parties. Also no assets have been received as gift from Government or other authorities
4	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 12 pending legal/ arbitration cases. Details of the cases are attached in Table A.	Nil	An age-wise analysis of pending legal cases have already been provided to the Statutory Auditors. These cases are at various stages of pendency before the court / authorities and are being followed up for clearance. In respect of employee cases, which are mainly wage related, the same are pending before appropriate authorities for a decision.



# BALANCE SHEET AS AT MARCH 31, 2015

(Amount in Rupees)

Particulars	Note Ref	As at March 31, 2015	As at March 31, 2014
<b>I EQUITY &amp; LIABILITIES</b>			
1 Shareholders' Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves and Surplus	3	904,250,014	(2,572,456)
(c) Money Received Against Share Warrants			-
		904,750,014	(2,072,456)
2 Share Application Money Pending Allotment		1,383,742,000	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)	4	-	-
(c) Other Long Term Liabilities	5	2,870,000	650,000
(d) Long Term Provisions	6	1,447,232,503	18,197,142
		1,450,102,503	18,847,142
4 Current Liabilities			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	7	57,272,986	154,044,364
(c) Other Current Liabilities	8	590,871,984	19,301,536
(d) Short-Term Provisions	6	322,171,375	1,593,148
		970,316,346	174,939,048
<b>Total</b>		<b>4,708,910,863</b>	<b>191,713,734</b>
<b>II ASSETS</b>			
Non-Current Assets			
1 (a) Fixed Assets			
(i) Tangible Assets	9	1,552,518,219	85,281
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets Under Development		-	-
		1,552,518,219	85,281
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (Net)	4	113,795,908	7,030,989
(d) Long-Term Loans & Advances	10	164,543,691	71,758,283
(e) Other Non-Current Assets		-	-
		1,830,857,818	78,874,553
2 Current Assets			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade Receivables	11	2,419,164,592	107,254,562
(d) Cash and Bank Balances	12	450,830,034	5,445,119
(e) Short-Term Loans and Advances	10	-	-
(f) Other Current Assets	13	8,058,419	139,500
		2,878,053,045	112,839,181
<b>Total</b>		<b>4,708,910,863</b>	<b>191,713,734</b>

Statement of Significant Accounting policies and Other 1

Explanatory Notes

As Per Our Report Of Even Date Attached

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

Sd/-  
**Ajay Jain**  
Partner  
M.No. 110372  
Place: Delhi  
Date : 21 January 2016

For and on behalf of the Board  
Sd/-  
**Shri Ashwani Lohani**  
Chairman

Sd/-  
**Shri A Jayachandran**  
Chief of Finance

Place: Delhi  
Date : 21 January 2016

Sd/-  
**Ms. Gargi Kaul**  
Director

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

Sd/-  
**Smt. Poonam Bharwani**  
Company Secretary



**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2015**  
(Amount in Rupees)

Particulars	Note Ref	2014-15	2013-14
I Revenue from Operations (Gross):			
- Revenue from Handling Services	14	6,449,330,355	1,013,990,137
II Other Income:	15	20,791,631	4,159,914
III <b>Total Revenue (I + II )</b>		<b>6,470,121,986</b>	<b>1,018,150,051</b>
IV Expenses:			
Employee Benefit Expenses	16	4,413,288,461	716,333,099
Finance Cost	17	798,155	896,378
Depreciation and Amortisation	18	156,098,523	6,375
Other Expenses	19	842,510,297	275,470,664
<b>Total Expenses</b>		<b>5,412,695,435</b>	<b>992,706,516</b>
V <b>Profit Before exceptional and extraordinary items and Tax (III-IV)</b>		<b>1,057,426,551</b>	<b>25,443,535</b>
VI Exceptional Items		19,869,000	
Prior Period Adjustments(Net)			
VII <b>Profit Before extraordinary items and Tax (V-VI)</b>		<b>1,037,557,551</b>	<b>25,443,535</b>
VIII Extraordinary Items		-	-
IX <b>Profit Before Tax (VII-VIII)</b>		<b>1,037,557,551</b>	<b>25,443,535</b>
X Tax Expense			
1. Current Tax		237,500,000	10,500,000
2. Short/ (Excess) Provision of Tax		-	-
3. Deferred Tax Liability / (asset)		(106,764,919)	(7,030,922)
XI <b>Profit For the period from Continuing Operations (IX-X)</b>		<b>906,822,470</b>	<b>21,974,457</b>
XV <b>Profit For the period ( XIV+XI)</b>		<b>906,822,470</b>	<b>21,974,457</b>
XVI Earnings per Equity Share:			
Basic		18,136.45	
Diluted		6.55	

As Per Our Report Of Even Date Attached

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

Sd/-  
**Ajay Jain**  
Partner  
M.No. 110372  
Place: Delhi  
Date :21 January 2016

For and on behalf of the Board  
Sd/-  
**Shri Ashwani Lohani**  
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Sd/-  
**Shri A Jayachandran**  
Chief of Finance

Place: Delhi  
Date : 21 January 2016

Sd/-  
**Ms. Gargi Kaul**  
Director

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

Sd/-  
**Smt. Poonam Bharwani**  
Company Secretary



# CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(Amount in Rupees)

Particulars	2014-15		2013-14	
<b>A Cash Flow From Operating Activities</b>		<b>1,037,557,551</b>		<b>25,443,535</b>
Net Profit Before tax				
Adjustments for:				
Depreciation / Amortisation	<b>156,098,523</b>		6,375	
Interest Received on Tax Refund	<b>(2,085,480)</b>		(1,629,658)	
Preliminary Expenses written off	-	<b>154,013,043</b>	668,150	(955,133)
<b>Operating profit before working capital changes</b>		<b>1,191,570,594</b>		<b>24,488,402</b>
(Increase) / Decrease in Trade Receivables	<b>(114,867,041)</b>		(83,864,981)	
(Increase) / Decrease in Other Current Assets	<b>(7,918,919)</b>		(83,774)	
Increase / (Decrease) in Provisions	<b>1,537,113,589</b>		7,544,888	
Increase / (Decrease) in Current Liabilities and Trade Payables	<b>477,019,071</b>	<b>1,891,346,700</b>	54,978,799	(21,425,068)
<b>Cash Generated from Operations</b>		<b>3,082,917,294</b>		<b>3,063,334</b>
Income Tax Paid (net of refund)		<b>(26,195,200)</b>		(9,073,376)
<b>Net Cash from Operating Activities</b>		<b>3,056,722,094</b>		<b>(6,010,042)</b>
<b>B Cash Flow From Investing Activities</b>				
Purchase of fixed assets		<b>6,868,554</b>		(91,655)
<b>Net Cash From Investing Activities</b>		<b>6,868,554</b>		(91,655)
<b>C Cash Flow From Financing Activities*</b>		<b>(1,383,742,000)</b>		-
Net (Decrease)/Increase in Cash or Cash Equivalents		<b>1,679,848,648</b>		(6,101,697)
<b>Cash and Cash Equivalents</b>				
- at the beginning of the year		<b>5,445,119</b>		11,546,816
- at the end of the year		<b>450,830,034</b>		5,445,119
		<b>445,384,915</b>		6,101,697
<b>Component of Cash and Cash Equivalents</b>				
Cash on hand		<b>13,029</b>		309
Balance in Current Account		<b>450,817,005</b>		5,444,810
		<b>450,830,034</b>		5,445,119

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

\* Denotes transfer of Assets from Air India to AIATSL, to be treated as Equity Infusion and shares to be allotted

As Per Our Report Of Even Date Attached

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

Sd/-  
**Ajay Jain**  
Partner  
M.No. 110372

Place: Delhi  
Date : 21 January 2016

For and on behalf of the Board

Sd/-  
**Shri Ashwani Lohani**  
Chairman

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Chief of Finance

Place: Delhi  
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Director

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Chief Executive Officer

Sd/-  
**Smt. Poonam Bharwani**  
Company Secretary



**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2015****NOTE "1"****A. CORPORATE INFORMATION**

Air India Air Transport Services Ltd., 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, Security 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.

During the year the Company has implemented SAP-ERP system of accounting.

**B. ACCOUNTING CONVENTION**

- i) 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.
- ii) 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.
- iii) 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**

- i) Tangible / Intangible 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. Any trade discounts and rebates are reduced in arriving at the purchase price. Revalued assets are recorded at revalued amounts.
- ii) 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.
- iii) Gain or loss arising out of sale/scrap of Fixed Assets over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.



**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 Rs. 5,000, in each case, are fully provided for in the year of Purchase.

**3. REVENUE RECOGNITION**

- a) Ground Handling, Security 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) 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 trusts to administer Provident Fund contributions to which contributions are made regularly.
- 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 liability for these benefits except for Medical Benefits and other benefits is actuarially determined under the Projected Unit Credit Method at the year end as per Indian Laws.

**7. BORROWING COST**

- a) Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work-in-progress are capitalized upto the date of commencement of commercial use of the assets.



- b) Interest incurred on funds that are generally borrowed and used indirectly for acquisition of qualifying assets exceeding the value of Rs.100 Lakhs is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

**8. IMPAIRMENT OF ASSETS**

The Company assesses at each Balance Sheet date whether there is any indication that an asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with AS 28.

**9. 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.

**10. 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 Rs. 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.

**11. 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.

**12. 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” : SHARE CAPITAL

(Amount in Rupees)

Particulars	As at March 31, 2015		As at March 31, 2014	
	Number	(Rs)	Number	(Rs)
<b>Authorised Capital</b>				
Equity Shares of Rs 10/- each	1,000,000,000	10,000,000,000	90,000,000	900,000,000
Redeemable Preference Shares of Rs 100/- each	-	-	1,000,000	100,000,000
		10,000,000,000		1,000,000,000
<b>Issued, Subscribed and Fully Paid up Capital</b>				
Equity Shares of Rs 10/- each	50,000	500,000	50,000	500,000
	50,000	500,000	50,000	500,000

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, 2015		As at March 31, 2014	
	Number of shares held	%	Number of shares held	%
Air India Ltd.- Holding Company	50,000	100	50,000	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, 2015		As at March 31, 2014	
	Number	Amount	Number	Amount
At the beginning of the year	50,000	500,000	50,000	500,000
Issued during the period	-	-	-	-
Outstanding at the end of the year	50,000	500,000	50,000	500,000

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 “3” : RESERVES & SURPLUS

(Amount in Rupees)

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>Surplus in Profit and Loss Account:</b>				
Balance as per last Balance Sheet		(2,572,456)		(24,546,913)
Add :				
Profit / (loss) for the year	906,822,470		21,974,457	
Less:				
Transfer to General Reserve	-		-	
Interim Dividend	-		-	
Tax on Interim Dividend	-		-	
Sub Total		-		-
<b>Net Surplus</b>		906,822,470		21,974,457
<b>Total Reserves &amp; Surplus</b>		904,250,014		(2,572,456)


**NOTE “4” : DEFERRED TAX LIABILITY (NET)**
**(Amount in Rupees)**

Particulars	As at March 31, 2015		As at March 31, 2014	
<b>Deferred Tax Liability on account of (DTL)</b>				
Depreciation	31,374,538	31,374,538	162	162
Total Deferred Tax Liability				
<b>Deferred Tax Asset on account of (DTA)</b>				
Unabsorbed Depreciation	-	145,170,447	-	7,031,151
Other Tax disallowances	145,170,447		7,031,151	
<b>Net Deferred Tax Asset</b>		113,795,908		7,030,989

**NOTE “5” : OTHER LONG TERM LIABILITIES**
**(Amount in Rupees)**

Particulars	As at March 31, 2015	As at March 31, 2014
Earnest Money Deposit	2,870,000	650,000
<b>Total</b>	2,870,000	650,000

**NOTE “6” : PROVISIONS**
**(Amount in Rupees)**

Particulars	Long Term		Short Term	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
Provision for Leave encashment	469,680,212	1,459,375	40,344,007	332,586
Provision for Gratuity	977,552,291	16,737,767	44,327,368	1,260,562
Provision for Tax		-	237,500,000	-
<b>Total</b>	1,447,232,503	18,197,142	322,171,375	1,593,148

The following table summarises the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet.

**Gratuity**
**(Amount in Rupees)**

Particulars	2014-15	2013-14
<b>Change in Benefit Obligation</b>		
Liability at the Beginning of the year	613,820,678	10,491,199
Interest Cost		839,296
Current Service Cost	269,926,511	2,302,172
Past Service Cost		-
Benefit Paid	(250,615,397)	-142,096
Actuarial loss/(Gain)	388,747,867	4,507,758
<b>TOTAL</b>	1,021,879,659	17,998,329
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Fair Value of Plan Assets</b>		
Fair Value at the Beginning of the year	-	-
Expected Return on Plan Assets	-	-
Benefit Paid	-	-
Actuarial loss/(Gain)	-	-
<b>TOTAL</b>	-	-



(Amount in Rupees)		
Particulars	2014-15	2013-14
<b>Actuarial Gain / Loss</b>		
On Obligation	388,747,867	4,507,758
On Assets		
<b>TOTAL</b>	<b>388,747,867</b>	<b>4,507,758</b>
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Return On Plan Assets</b>		
Expected Return on Plan Assets	-	-
Actuarial Gain / Loss on Plan Assets	-	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Amount Recognised in Balance Sheet</b>		
Liability at the end of the year	1,021,879,659	17,998,329
Fair Value of Plan Assets at the end of the year	-	-
Difference	(1,021,879,659)	-17,998,329
Unrecognised Past Service Cost	-	-
<b>(Liability)/Asset Recognised in Balance Sheet</b>	<b>(1,021,879,659)</b>	<b>-17,998,329</b>
<b>Break up</b>		
Current	44,327,368	1,260,562
Non - Current	977,552,291	16,737,767
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Expenses Recognised in Income Statement</b>		
Current Service Cost	269,926,511	2,302,172
Interest Cost	-	839,296
Expected Return on Plan Assets	-	-
Net Actuarial Gain / Loss Recognised	-	4,507,758
<b>Expenses Recognised in Income Statement</b>	<b>269,926,511</b>	<b>7,649,226</b>
<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
<b>Balance Sheet Reconciliation</b>		
Opening Net Liability	613,820,678	10,491,199
Expense as above	269,926,511	7,649,226
Past Service Cost	-	-
Employer's Contribution	138,132,470	-142,096
<b>Amount Recognised in Balance Sheet</b>	<b>1,021,879,659</b>	<b>17,998,329</b>

The principal assumptions used in determining the gratuity obligations are as follows :

Assumptions	As at March 31, 2015	As at March 31, 2014
Discount Rate	8.00%	9.29%
Expected rate of return on plan assets	N.A	N.A
Expected rate of salary increase	5.00%	5.50%
Attrition rate	1-3%	10.00%

#### Experience Adjustment

Particulars	As at March 31, 2015	As at March 31, 2014
On Plan Liability (Gains) / Losses	388,747,867	6,181,133.00

The Gratuity liability is not funded. The detailed disclosure as required by AS-15 was not provided for the previous year and therefore the same is not disclosed.


**NOTE “7” : TRADE PAYABLES**
**(Amount in Rupees)**

Particulars	As at March 31, 2015	As at March 31, 2014
Trade Payables		
- Micro Small and Medium Enterprises	-	-
- Other Payables	57,272,986	154,044,364
<b>TOTAL</b>	<b>57,272,986</b>	<b>154,044,364</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 “8” : OTHER CURRENT LIABILITIES**
**(Amount in Rupees)**

Particulars	As at March 31, 2015	As at March 31, 2014
Statutory Dues	65,108,241	7,672,207
Advance from Customers		749,329
Dues to Group Companies	32,269,918	
Vendor Financial Institutions	5,655,477	
Vendor Employees	78,251	
Other Current Liabilities	326,018,344	
Provisions	153,836,253	
Deposits Against Bank Guarantee	3,350,000	7,340,000
Earnest Money Deposits	4,555,500	3,540,000
<b>TOTAL</b>	<b>590,871,984</b>	<b>19,301,536</b>

**NOTE “9” : TANGIBLE ASSETS**
**(I) Tangible Assets**
**(Amount in Rupees)**

	Copier Machine - Office Equipment	Ramp Equipments	Furniture & Fixtures	Electrical Fittings	Computers	Total
<b>Cost</b>						
As at 1st April 2014	91,655				1	91,656
Additions	992,839	3,077,473,253	129,829	4,682,996	1,062,890	3,084,341,807
Disposals/Adjustments	-				-	-
As at 31st March 2015	<b>1,084,494</b>	<b>3,077,473,253</b>	<b>129,829</b>	<b>4,682,996</b>	<b>1,062,891</b>	<b>3,084,433,463</b>
<b>Depreciation</b>						
As at 1st April 2014	6,375				-	6,375
Disposals/Adjustments	-	1,375,810,346			-	1,375,810,346
Charge for the Year	125,877	155,724,940	9,428	104,687	133,591	156,098,523
As at 31st March 2015	<b>132,252</b>	<b>1,531,535,286</b>	<b>9,428</b>	<b>104,687</b>	<b>133,591</b>	<b>1,531,915,244</b>
<b>Net Block</b>						
As at 31st March 2014	91,655				1	85,281
As at 31st March 2015	<b>952,242</b>	<b>1,545,937,967</b>	<b>120,401</b>	<b>4,578,309</b>	<b>929,300</b>	<b>1,552,518,219</b>
<b>Rate of Depreciation</b>	19%	6.33%	9.50%	9.50%	31.67%	

During the year Company has the changed the method of providing Depreciation from WDV to SLM. As per Schedule-II of Companies Act, 2013 SLM-based on the remaining life of assets.


**NOTE “10” : LOANS AND ADVANCES**
**(Amount in Rupees)**

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>				
Deposits	324,000	324,000	-	-
<i>Income Tax - net of provisions</i>		71,355,073	-	-
Income Tax AY 2005-06 (FY 2004-05)	110,115			
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)	-3,612,776			
Income Tax AY 2014-15 (FY 2013-14)	-11,024,504			
Income Tax AY 2015-16 (FY 2014-15)	128,504,728			
<i>Advance Fringe Benefit Tax (Net)</i>	-	-	-	-
Fringe Benefit Tax FY 2008-09	17,660	17,660		
Fringe Benefit Tax FY 2007-08	61,550	61,550		
<b>TOTAL</b>	<b>164,543,691</b>	<b>71,758,283</b>	<b>-</b>	<b>-</b>

**NOTE “11” : TRADE RECEIVABLES**
**(Amount in Rupees)**

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>Unsecured, considered good</b>				
Outstanding for more than six months	-	-	-	-
Other Debts			956,818,321	
Dues from Group Companies	-	-	227,882,538	107,254,562
Dues from Holding Company			1,234,463,733	
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>2,419,164,592</b>	<b>107,254,562</b>

Trade receivables represents the amounts due from the holding Company - Air India.

**NOTE “12” : CASH AND BANK BALANCES**
**(Amount in Rupees)**

Particulars	Non - Current		Current	
	As at March 31, 2015	As at March 31, 2014	As at March 31, 2015	As at March 31, 2014
<b>Cash and Cash Equivalents</b>				
i Cash Balance	-	-	13,029	309
ii Balance with Bank in Current Account	-	-	370,817,005	5,444,810
iii Balance with Bank in Term Deposit	-	-	80,000,000	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>450,830,034</b>	<b>5,445,119</b>


**NOTE “13” : OTHER CURRENT ASSETS**
**(Amount in Rupees)**

Particulars	2014-15	2013-14
Advance against Salary	3,602,029	112,000
Prepaid Office expenses	1,106,776	27,500
Other Advances	3,349,614	-
Professional tax recoverable	-	-
Preliminary Expenses	-	-
<b>TOTAL</b>	<b>8,058,419</b>	<b>139,500</b>

**NOTE “14” : REVENUE FROM OPERATIONS (GROSS)**
**(Amount in Rupees)**

Particulars	2014-15	2013-14
i Revenue from Handling Services		1,013,990,137
Revenue from Group Companies	2,516,608,420	
Revenue from 3rd Party Handling	3,114,498,484	
Security Handling Revenue	1,035,220,772	
Rev frm Govt Parties	14,096,653	
RevFrmCasualHandling	3,955,233	
	6,684,379,563	
<u>Less</u> : Revenue Sharing with Air India	622,899,697	
	6,061,479,866	
ii APEDA Revenue	374,899,014	
iii Equipment Loaning	12,951,475	
<b>TOTAL</b>	<b>6,449,330,355</b>	<b>1,013,990,137</b>

**NOTE “15” : OTHER INCOME**
**(Amount in Rupees)**

Particulars	2014-15	2013-14
Recruitment Application Money	5,438,260	1,464,668
Interest on tax refund	2,085,480	1,629,658
Interest on Call & FD	4,848,012	
Notice period Salary recovered	-	1,065,446
Foreign Exchange Loss / Gain	6,931,239	
Other Income	1,488,640	142.00
<b>TOTAL</b>	<b>20,791,631</b>	<b>4,159,914</b>

**NOTE “16” : EMPLOYEE BENEFIT EXPENSES**
**(Amount in Rupees)**

Particulars	2014-15	2013-14
Salaries	3,665,711,343	682,516,593
Bonus	1,610,306	1,062,148
Contribution to ESI Scheme	148,031	-
Gratuity	271,056,197	7,649,226
Leave Encashment	132,235,681	1,539,200
PF Employer's contribution	97,729,719	23,200,526
Staff Welfare Expenses	244,797,183	365,406
<b>TOTAL</b>	<b>4,413,288,461</b>	<b>716,333,099</b>



**NOTE “17” : FINANCE COST****(Amount in Rupees)**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Interest on Delayed Payment of TDS	73,860	17,760
Interest on Service Tax	724,295	878,618
<b>TOTAL</b>	<b>798,155</b>	<b>896,378</b>

**NOTE “18” : DEPRECIATION AND AMORTISATION****(Amount in Rupees)**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Depreciation	156,098,523	6,375
<b>TOTAL</b>	<b>156,098,523</b>	<b>6,375</b>

**NOTE “19” : OTHER EXPENSES****(Amount in Rupees)**

<b>Particulars</b>	<b>2014-15</b>	<b>2013-14</b>
Handling Charges	452,142,382	248,847,538
Establishment Support Charges		19,234,525
Recruitment Expenses	549,957	3,143,112
Insurance	6,200,118	
Postage & Courier Charges	303,440	
Telephone Charges	280,104	
Repairs & Maintenance - Building	566,496	
Repairs & Maintenance - Others	84,355,811	
Fuel & Oil	47,577,239	
Electricity & Water Charges	25,923,409	1,064,435
Stores & Spares Consumption	126,165,134	
Hire of Transport & Equipments	5,696,420	
Printing & Stationary	379,985	
Publicity & Sales Promotion	579,497	
General Charges	55,305,595	
Rent	10,590,268	107,780
Rates And Taxes	13,883,878	797,797
Travelling And Conveyance Expenses	10,971,402	312,346
Legal And Professional Expenses	290,066	143,950
Preliminary Expenses Written Off		668,150
Bank Charges	308,409	
Miscellaneous Expenses	140,687	966,031
<b>Remuneration To Statutory Auditor</b>		
- Audit fees	300,000	175,000
- Out of Pocket Expenses		10,000
<b>Total</b>	<b>842,510,297</b>	<b>275,470,664</b>

**NOTE “20” : Disclosure under AS-17 "Segment Reporting" notified under The Company Accounting Standard Rules 2006.**

The Company operates in a single reportable primary business segment viz: Airport Ground Handling Services and hence no disclosure under AS-17 “Segment Reporting” is made. The Company renders services only in India.

**NOTE “21” : EARNING PER SHARE****(Amount in Rupees)**

Particulars	2014-15	2013-14
Profit after tax	<b>906,822,470</b>	21,974,457
Weighted Average no. of shares outstanding (Nos.)	<b>138,424,200</b>	50,000
Nominal value of equity share (Rs.)	<b>10.00</b>	10.00
Earnings per share (Rs.) - Basic	<b>18,136.45</b>	439.49
Earnings per share (Rs.) - Diluted	<b>6.55</b>	439.49

**i Reconciliation of Weighted Average No. of Shares outstanding during the Year****(Amount in Rupees)**

Particulars	2014-15	2013-14
Total number of equity shares outstanding at the beginning of the year	<b>50,000</b>	50,000
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>	50,000
Weighted average number of equity shares at the end of the year	<b>138,424,200</b>	50,000

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

- 22.** In terms of the MOU with Air India, the immovable assets comprising Ground Handling and Ramp Equipment were transferred and recorded at their fair value / cost of acquisition. Net Cost of Assets to the tune of INR 13,757 Lakhs were transferred on 1st April 2014 and assets costing INR 3,259 Lakhs were transferred during the year 2014-15.

As per the laid down policy on physical verification of fixed assets, every asset is to be verified once in two years. During the Financial Year 2014-15, no physical verification assets have been carried out.

- 23.** During the year Company has adopted Straight Line Method of Depreciation instead of Written down Value for Office Equipments as compared to the previous year (Gross Assets Rs. 91,655). Also, the company has acquired Ground Handling & Ramp Equipments, Electrical Installations, Furniture & Fixtures as well as Computers during the year. The Company has adopted Straight Line Method of depreciation in line with the Holding Company's Accounting Policies. The financial impact on profit and loss account due to change in method is Rs. 2259 Lakhs (as per WDV Rs. 3819 Lakhs and as per SLM Rs. 1560 Lakhs)
- 24.** Air India has transferred the cost of stores and spares consumed during the year on account of Ground Handling Equipments. The inventory continues to be in the books of Air India and the same has not been transferred to the Company.
- 25.** Air India has transferred 2,343 employees to the Company as part of transfer of business.
- 26.** Air India has deputed on an average 1,430 employees to assist the Company in their business. An amount of INR 12,095 Lakhs has been debited by way of Salaries and allowances payable towards deputed employees during the year.



27. As per the agreement entered into between Air India and the Company an amount of INR 6,228.99 Lakhs equivalent to 20% of revenue earned on account of ground handling of 3<sup>rd</sup> party airlines has been shared.
28. During the Financial Year 2014-15, the authorized share capital of the Company has been raised from 10,000 Lakhs to 100,000 Lakhs. Consequently the amount payable towards transfer of Fixed Assets by Air India has been considered as equity infusion and an amount of INR 13,837.42 Lakhs is parked under Share Application Money pending Allotment.
29. The Company has raised invoices for the Engineering Services (Certification) to 3<sup>rd</sup> party airlines to the tune of INR 323.22 Lakhs and the same has been transferred to Air India Engineering Services Limited.
30. During the year, Air India transferred revenue amounting to INR 18,428.17 Lakhs and expenditure to the tune of INR 18,831.27 Lakhs as part of transfer of business to the Company.

The statutory dues such as Service Tax, VAT, TDS and Airport Royalties have not been transferred and the same have been complied by Air India.

Account Description	Debit	Credit
Ground Handling Revenue		1,041,305,732.53
Security Handling Revenue		467,058,463.52
Misc Receipts-Loan of Equipments		3,916,667.96
APEDA Revenue-Warehouse Handling		74,013,835.75
Handling Revenue Cargo Complex		106,264,185.00
Warehouse Revenue Cargo Complex		107,732,998.00
Misc Revenue Cargo Complex		42,525,088.56
<b>Total of Revenue</b>		<b>1,842,816,971.32</b>
Salaries-Staff India	1,209,518.759.81	
Salaries-casual Labour		19,505.279.00
Weekly Offs/Holidays	73,776.00	
Staff Medical Expenses	6,303,619.10	
CMBS Work Emp. Families	16,258,913.00	
Med. Benefit Scheme Retired Emp.	7,104,22.00	
Med. Benefit Scheme Retired Emp.	720,920.00	
Other Staff Welfare Exp	218,207,357.29	
Insurance Legal Liab Motor Transport	6,200,118.00	
Clearing & Forwarding Charges Customs	52,000.00	
Handling Charges Commercial	38,813,140.00	
Telephone & Trunk Call Charges	280,104.00	
Staff Travelling-India	3,650,248.00	
Staff Travelling-India/Foreign	358,500.00	
Exp. Temp./Permant Transport	6,500.00	
Hotel Exp. - Staff On Duty	1,776,705.79	
Conveyance Expenses	3,047,592.00	
Rates & Taxes	13,435,921.00	
Rent Premises	10,622,779.00	
GSD Spares Consumption	116,582,777.95	
MT Spares Consumption	8,833,892.52	
Tools & Equipment Consumption	67,892.46	
Repair & Maintenance Equipment-O	29,938.705.00	



Account Description	Debit	Credit
Maintenance of Ramp Equipment	46,713,912.82	
Repair by Out side Party MT	818,082.81	
Hire/Lease of Equipment	4,531,555.63	
Hire of Transport	6,817,071.00	
Electricity Heating Charges	19,520.157.00	
Fuel Gas Coal Oil consumption	31,034,832.12	
Fuel Oil Surface Transport	16,373.204-07	
Water Charges	6,403,252.00	
General Charges	39,555,596.47	
<b>Total of Expenses</b>	<b>1,883,127,386.64</b>	

### 31. Loans & Advances (Long Term & Short Term), Other Assets (Current / Non- Current)

TDS deducted at source by outside parties for which reconciliation with Income Tax data base (Form No. 26AS) as well as follow up for TDS certificates is in progress. Till such time these have been considered as good for recovery.

The company has sought the confirmation of balances for the receivables and payables. However, in most of the cases the parties have not responded.

Balances of receivables include certain items of unmatched credits /debits and these are stated as per the book balances pending proper matching and reconciliation. Consequent to the above, while compiling, the ageing of trade receivables, such unmatched credits are not netted against the debits outstanding and reconciliation of balances in the receivables accounts is in progress.

### 32. 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.

### 33. 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), Professional 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 company has an outstanding amount of Service Tax liability as on 31/03/2015 as per books of accounts amounting to Rs. 498.00 Lakhs (Previous Year: Rs. 89.58Lakhs), is under reconciliation.

The company has an outstanding amount of TDS liability as on 31.03.2015 amounting to Rs. 130.71 Lakhs (Previous Year: Rs. 28.43 Lakhs). TDS liability is recognized as and when bills are paid.



- d) Royalties recovered from clients and payable to Airport Authority of India, Delhi International Airport Limited, Mumbai Airport International Limited and Cochin International Airport Limited are under reconciliation. Financial impacts, if any, arising out of reconciliation will be dealt in the year of completion of reconciliation.
  - e) The bills raised by various vendors/ service providers are accounted /paid after the deductions made by various operations department concerned with such billing. These deductions are not confirmed by AAI / DIAL / MIAL / other vendors and as such the claims relating to these bills cannot be said to have extinguished. No Liability / Contingent Liability have been recognized in this respect in accounts since these are to be ascertained.
34. During the year there were certain delays in payment of statutory dues such as Tax deducted at source and Service Tax. Interest on such delays has been provided for / paid.
35. No provision or contingent liabilities have been made in respect of pending legal cases. Excess Ground Handling Revenue billed on various parties to the tune of INR 6.65 Lakhs has not been provided for in the books of accounts, since rejections are accounted on receipt basis.
36. Short billing on client airlines to the tune of INR 23.00 Lakhs has been identified and un-billed services have been recognized as revenue in the Financial Year 2014-15. Excess billing to the tune of INR 163.00 Lakhs has been identified and reversed during the Financial Year 2014-15.
37. During the Financial Year 2014-15, bills on Government Parties to the tune of INR 93.00 Lakhs have been raised at Eastern Region, on which Service Tax and Airport Royalties have not been levied during the Financial Year. However the same has been accounted for the in the Financial Year 2015-16.
38. Service tax to the tune of INR 13.52 Lakhs billed by Air India Charters Limited for the services rendered has not been accounted by the Company during the Financial Year 2014-15. The same has been subsequently accounted in the Financial year 2015-16.
39. During the year, the re-charges by 3rd party airlines have been reconciled. There is balance of INR 12.61 Lakhs which needs to be re-charged to the parties concerned. Necessary billing action has been taken in Financial Year 2015-16.
40. There are instances of Ground Handling and Security Contracts with 3rd parties that have expired and not been renewed. However services are continued to be provided and the parties are honoring the invoices based on the SGH agreement.
41. **Reconciliation of Group Company Accounts**
- Reconciliation / confirmation of subsidiary accounts including intermediary / transitory accounts, receivable / payable accounts, revenue / inventory / other accounting modules, bank balances, and other assets and liabilities / income and expenditures have been completed.
- The process of identification of unmatched items and accounts is in progress. Impact, if any, of consequential adjustment arising out of reconciliation on Financial Statements will be dealt with in the year of completion of reconciliation.
42. During the Financial Year 2014-15, 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 annexed as is the case with 3rd party handling.



43. There are no related parties as required to be disclosed by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India.

**44. Employee Benefits**

**(A) General description of Defined Benefit Plan**

- I. Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act.
- II. Till 31st March 2014 the liability on account of the staff transferred to the Subsidiary Company continued to be shown in the Books as a liability in the Holding Company i.e. Air India.

Effective 1<sup>st</sup> April 2014, the employees have been transferred from Holding Company. In respect of AIATSL which has accounted for all its revenue and expenditure in its' Books effective 1<sup>st</sup> April 2014, the provision for gratuity, leave & other retirement benefits has been transferred based on the data available. The veracity of this data could not be established on account of absence of certain records in the SAP/ Time Office, etc. As a result of which certain provisions which have been transferred to AIATSL by Air India as Opening Balances may differ from the actual amounts of liabilities to be transferred.

Actuarial Valuation of Gratuity, Privilege Leave and Sick Leave has been done at the year-end (as 31<sup>st</sup> March 2015).

An amount of INR 2,710.56 Lakhs for Gratuity and INR 1,322.36 Lakhs towards Leave Encashment, representing 41.95% on account of Gratuity and 42.90% of Leave Encashment of the total provision required, have been debited to Profit & Loss Account. An amount of INR 3,876.18 Lakhs towards Gratuity and INR 1,760.24 Lakhs towards Leave Encashment has been debited to holding company (Air India) as receivable against the settlement of transferred employees for the services rendered.

In view of the above, since the data available for calculation of retirement benefit is not complete, the same may need to be reconciled in 2015-16 based on actual date & provision of liability accordingly adjusted.

This provision does not include provision for expenses on Medical Benefits.

**(B) Defined Contribution Plan**

The Parent Company has an Employees Provident Fund Trusts under the Provident Fund Act 1925, which governs the Provident Fund Plans for transferred employees. The Company as well as the employees contributes 10% of the PF Pay to the Fund out of which Provident Fund is paid to the employees.

The employees contribution along with company's contribution in respect of Full Time Contractual Employees is deposited with Government Provident Fund Organization.

**45. Deferred Tax Assets**

The Deferred Tax Asset is therefore recognized only to the extent of Deferred Tax Liability as shown below:



(Rupees in Lakhs)

Particulars	Balance as on 31.03.2014	DTA/DTL Recognized in 2014-15	Total DTA as on 31.03.2015
<b>(A) Deferred Tax Liability</b>			
(i) Related to Fixed Assets	-70.30	-1,067.65	<b>-1,137.95</b>
<b>Sub-Total (A)</b>			
<b>(B) Deferred Tax Asset</b>			
(i) Unabsorbed Depreciation			
(ii) Business Loss			
<b>Sub-Total (B)</b>			
<b>Deferred Tax/(Liability) (Net)</b>	<b>-70.30</b>	<b>-1,067.65</b>	<b>-1,137.95</b>

**46. Corporate Compliance**

As per Companies Act 2013, Sec 149(4), the Company has not appointed independent director. Consequently there is no formation of audit committee, nomination & remuneration committee under Sec 177(2) and Sec 178 respectively.

Corporate Social Responsibility committee has not been formed by the Company and consequently, has not complied with other provisions of Sec 135 of Companies Act 2013.

47. Supporting documents for invoices raised on Thai Airways, Kolkatta to the tune of INR 377.00 Lakhs has not been provided.

**48. Remuneration to Auditors**

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

(Rupees in Lakhs)

Particulars	2014-15	2013-14
Audit Fees - For the Year	<b>3.00</b>	1.75
Out of Pocket Expenses*		
Total	<b>3.00</b>	1.75

\*Accounted on Payment Basis

As Per Our Report Of Even Date Attached

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

Sd/-  
**Ajay Jain**  
Partner  
M.No. 110372  
Place: Delhi  
Date :21 January 2016

For and on behalf of the Board

Sd/-  
**Shri Ashwani Lohani**  
Chairman

Sd/-  
**Shri A Jayachandran**  
Chief of Finance

Place: Delhi  
Date : 21 January 2016

Sd/-  
**Ms. Gargi Kaul**  
Director

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

Sd/-  
**Smt. Poonam Bharwani**  
Company Secretary