AIR INDIA AIR TRANSPORT SERVICES LIMITED

CONTENTS

BOARD OF DIRECTORS (AS ON 26TH DECEMBER 2019)

Shri Ashwani Lohani	Chairman
Shri Vinod Shanker Hejmadi	
Shri Praveen Garg	
Shri Satyendra Kumar Mishra	

Chief Executive Officer

Capt A. K. Sharma

Chief Financial Officer

Shri Janaswamy Venkata Ravi Kumar

Company Secretary

Smt Vandana Batra

Auditors

M/s Shah Gupta & Co.,
Chartered Accountants, Mumbai

Bankers

HDFC Bank Limited
Axis Bank

Registered Office

2nd Floor, GSD Building,
Air India Complex, Terminal-2,
IGI Airport, New Delhi-110037

CHAIRMAN'S SPEECH

Dear Shareholders

It gives me great pleasure to present to you the 16th Annual Report of the Company for the year 2018-19. Air India Air Transport Services Limited is a leading ground handling service provider in India and offers ground handling services at most of the airports in India.

The Company was operationalised in February 2013 and since 2014-15, the first year of stand-alone operationalisation, the Company has earned a net profit. During 2018-19 also, AIATSL has earned Net Profit of Rs. 638.13 million This is a very positive and encouraging trend.

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

Also in the year 2018-19. the process of strategic sale of the Company was initiated with appointment of Transaction advisor and issuance of Preliminary Information Memorandum by the Company. The entire process is likely to be completed within short period of time.

PERFORMANCE OF THE COMPANY

During 2018-19, total revenue of the Company was Rs.7071.64 million as against total revenue of Rs. 6692.67 million (restated) during 2017-18. The total expenses were Rs. 5797.46 million as against Rs. 5643.17 million (restated) during 2017-18. Profit Before Tax during the year ended 31st March, 2019 was Rs.1274.18 million against Rs. 1049.50 million (restated) during 2017-18. The Net Profit earned during the period was Rs. 638.11 million as against the Net Profit of Rs. 538.49 million (restated) during 2017-18.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013 and laid down the CSR Policy with the objective of making positive contribution to the society through high impact, sustainable programs. Considering the profitability of the Company, an amount of Rs. 19.24 million was required to be spent during 2018-19. It has been decided to spend the said amount for rural development. A detailed report on the CSR activities forms part of the Directors' Report and is annexed at Annexure I.

ACKNOWLEDGEMENT

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

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

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

Sd/-
Ashwani Lohani
Chairman

VISION :

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

MISSION :

- Customer

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

-Processes

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

-People

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

DIRECTORS' REPORT

The Directors take pleasure in presenting the Sixteenth 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 31st March, 2019.

FINANCIAL PERFORMANCE

(Rupees in Millions)

Particulars	**2018-19**	**2017-18 (Restated)**
Total Revenue	**7071.64**	6692.67
Total Expenses	**5797.46**	5643.17
Profit(Loss) before Exceptional Items and Tax	**1274.18**	1049.50
Profit(Loss) before Tax	**1274.18**	1049.50
Current Tax	**600.00**	491.50
Short Provision of Tax	**186.62**	-
Deferred Tax Asset	**150.55**	19.51
Net Profit(Loss) after Tax	**638.11**	538.49

During 2018-19, total revenue of the Company was Rs. 7071.64 million as against total revenue of Rs. 6692.67 million(restated) during 2017-18. The total expenses were Rs. 5797.46 million as against Rs. 5643.17 million (restated) during 2017-18. Profit Before Tax during the year ended 31st March, 2019 was Rs.1274.18 million as against Rs. 1049.50 million(restated) during 2017-18. The Net Profit earned during the period was Rs 638.11 million as against the Net Profit of Rs. 538.49 million (restated) during 2017-18.

OTHER FINANCIAL INFORMATION

Share Capital :

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

CHANGES IN SHARE CAPITAL, IF ANY

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

STAFF STRENGTH

Based on the requirements for handling of Air India, Air India Express, Customer airline flights at various Indian stations, the number of staff inducted under various categories as on 31st March, 2019 is given below:

Company Secretary	01
Terminal Manager/Dy Terminal Manager/ Airport Manager/Duty Manager/Duty Officer/ Officer –HR/AC/LAG	25
Manager-Finance/ Costing	04
Asst.Controller	07
Junior Executive Technical	39
Jr Executive-Pax Handling	102
Sr.Customer Agent	114
Customer Agent	1853
Junior Customer Agent	434
Senior Ramp Service Agent	132
Ramp Service Agent	533
Utility Agent cum Ramp Driver	537
Security Agent	1461
Senior Security Agent	900
Handyman	3283
Utility Service Agent (absorbed as per MoU)	49
Total	**9474**

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 2019

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
9474	1996	21.06	449	4.74	2192	23.13

ACTIVITIES OF AIATSL

As per MOCA's direction that outsourcing will not be permitted at airports due to security reasons effective 31 December 2016, AIATSL takes pride in implementing Government's decision at all the 80 Airports in India where Ground Handling Services are provided by AIATSL. There is NIL outsourcing of manpower as of date in AIATSL.

IMPLEMENTATION OF OFFICIAL LANGUAGE

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

SEXUAL HARASSMENT

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

No complaints of sexual harassment were received during the year 2018-19.

COMPLIANCE WITH THE RTI ACT, 2005

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

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

During 2018-19, 18 Requests / Appeals were received and all have been disposed off.

CHANGE IN NATURE OF BUSINESS

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

DIVIDEND

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

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

AMOUNT TRANSFERRED TO RESERVES

The Board of Directors have decided / proposed to carry Rs. 638.11 million for the year 2018-19 to Reserves.

INFORMATION ABOUT SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES

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

MATERIAL CHANGES AND COMMITMENTS

No material changes have occurred between 31st March, 2019 and the date of the Board's Report affecting the financial position of the Company.

MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act, 2013, Six Meetings of the Board of Directors of the Company were held during the Financial Year 2018-19 as detailed below and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings (except the gap between two meetings dated 25th April, 2018 and 5th September, 2018):

Sr. No.	Date of Meeting	Board Strength	No. of Directors Present
1	25th April, 2018	4	3
2	5th September 2018	4	4
3	18th October, 2018	4	4
4	6th November, 2018	4	4
5	22nd January 2019	4	3
6	27th March 2019	4	4

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm :

1. that in the preparation of the Annual Accounts, the applicable Ind AS 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 2019 and of the profit or loss of the Company for the year ended on that date;

3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4. the Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable;.

5. that the annual accounts have been prepared on a going concern basis; and

6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

AUDIT COMMITTEE

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

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

The Board has accepted the recommendations of the Audit Committee.

AUDITORS

M/s Shah Gupta & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the year 2018-19 by the Comptroller & Auditor General of India.

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

LOANS, GUARANTEES AND INVESTMENTS

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

SECRETARIAL AUDITORS

The Board has appointed M/s Husain Wagh & Co., Company Secretaries, Mumbai to conduct the Secretarial Audit for Financial Year 2018-19. The Secretarial Audit Report for the Financial Year ended 31st March, 2019 is annexed at Annexure IV to this Report.

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

Secretarial Auditor's Observation	Management's Reply
The gap between the Board meetings held on 25th April, 2018 and 5th September, 2018 was more than 120 days which is in violation of Section 173 (1) of the Companies Act, 2013	Best possible efforts were made for holding a Board meeting in the month of August, for which notice was also issued. However, due to pre-occupation of directors, the same could not be held. The Company ensures to comply with the provisions of Companies Act in this regard, in future.

COST AUDIT

During the financial year 2018-19, the Cost Audit Report has been filed with the Ministry of Corporate Affairs on 22 May 2018. This Cost Audit Report pertains to the year 2016-17 and the Cost Auditors were M/s Meena Gupta & Associates, Cost Accountants, Mumbai. The same Cost Auditors were appointed for the Financial Year 2017-18 and 2018-19

SIGNIFICANT & MATERIAL ORDERS

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

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

(A) Conservation of Energy and Technology Absorbtion

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

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

(B) Foreign Exchange Earnings and Outgo

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

Earnings	USD	2,12,53,459
Outgo	USD	16,52,649

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company has constituted Corporate Social Responsibility (CSR) Committee as under, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises. As on 31st March, 2019, the CSR Committee comprises of

Shri Ashwani Lohani	Chairman
Mr. Arun Kumar	Member
Shri S K Mishra	Member
Shri Vinod Shanker Hejmadi	Member

Shri Ashwani Lohani has been appointed as Chairman of the Company with effect from 14th February, 2019 *vice* Shri Pradeep Singh Kharola and accordingly, Shri Lohani replaced Shri Kharola on the CSR Committee effective that date.

The Board in its Meeting held on 23 May 2016 approved the CSR Policy. The Board has also approved an expenditure of Rs.19.24(million) towards CSR activities during the financial year 2018-19.

It has been decided that with said amount, some of the projects of the last year would be continued and other new projects are under consideration.

CORPORATE GOVERNANCE

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

EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, extract of Annual Return is Annexed at Annexure III and Form MGT-7, Annual Return shall be displayed on Company's website at www.aiatsl.com.

PARTICULARS OF EMPLOYEES

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

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

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

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

DEPOSITS

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

ANNUAL EVALUATION

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

INDEPENDENT DIRECTORS AND DECLARATION

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

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

NOMINATION & REMUNERATION COMMITTEE

As required under Section 178 of the Companies Act, 2013 the Nomination & Remuneration

Committee should consist of 3 or more Non-Executive Directors out of which not less than one half should be Independent Directors.

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

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

REMUNERATION POLICY

Remuneration to Executive Directors and Non-Executive Directors

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

RISK MANAGEMENT

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

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

DIRECTORS

During the Financial Year 2018-19, 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 Gargi Kaul	Nominee Director	06.05.2015	24.01.2019	Ceased to be Nominee Director
2	Shri Arun Kumar	Nominee Director	24.01.2019		
3	Shri Pradeep Singh Kharola	Chairman	12.12.2017	14.02.2019	Ceased to be Chairman
4	Shri Ashwani Lohani	Chairman	14.02.2019		

RELATED PARTY TRANSACTIONS

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

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

The Company has obtained approval of the Board in its 68th Meeting held on 5th September 2018 to enter into contracts / arrangements with Air India Limited and its subsidiary companies (Government Companies) for an estimated amount of approximately Rs. 425 Crores during 2018-19.

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 2019 will be annexed to this Report.

ACKNOWLEDGEMENTS

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

For & on behalf of the Board

Sd/-
Ashwani Lohani
Chairman

Place : New Delhi
Date : 06.09.2019

MANAGEMENT DISCUSSION & ANALYSIS REPORT

1. Analysis of Financial Performance

Revenue

- Total revenue earned during the year was Rs. 7071.64 million as against Rs. 6692.67 million (restated) during 2018-19.

Expenditure

- The total expenditure incurred during the year was Rs. 5797.46 million as compared to the previous year's figure of Rs. 5643.17 million (restated).

2. Future Outlook

AIATSL, a wholly owned subsidiary of Air India Limited was operationalised on 1st February, 2013 and started its independent operations effective April 2014. Presently, it provides ground handling services at 80 Airports in India. Apart from handling the flights of Air India and its Subsidiary Companies, ground handling is also provided to 37 Foreign Scheduled Airlines, 3 Domestic Scheduled Airlines, 4 Regional Airlines,12 Seasonal Charter Airlines, 23 Foreign Airlines availing Perishable Cargo handling. Ground Handling was provided for 1,24,496 flights (Air India and Subsidiaries) and 23,673 flights of scheduled and non-scheduled customer airlines during 2018-19.

Further, AIATSL was considered favourably as Service Provider at the Greenfield Kannur Airport in Kerala which operationalised effective December 2018 whereby Revenue of AIATSL got booster.

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

During the ongoing strategic sale process, entire equity stake in AIATSL is proposed to be sold by Air India Limited. The strong profitability track record of AIATSL should be able to attract more investors in the current aviation scenario in India.

3. Going Concern

The Company has earned net profit since 2012-13 which has increased from Rs. 5.06 million during 2012-13 to Rs. 638.11 during 2018-19.

With the National Civil Aviation Policy-2016 coming into effect, India's ground handling sector has been dramatically transformed.

The Ground Handling market in India is poised to grow on account of preferential travelling by air, increasing population, government UDAAN scheme and various initiatives taken by airport operators. In such stimulated industrial environment,there would be significantly larger market opportunity for ground handling for AIATSL.

4. Human Resources

Staff Strength

The number of staff inducted on Contract under various categories as on 31 March 2019 was 9474. The number of employees deputed and transferred from Air India to AIATSL were 486 and 1325 respectively.

5. RISK MITIGATION STRATEGIES

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

6. INTERNAL CONTROL SYSTEMS

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

REPORT ON CORPORATE GOVERNANCE

Board of Directors

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

BOARD OF DIRECTORS AS ON 31 MARCH 2019

Shri Ashwani Lohani, Chairman	Chairman & Managing Director Air India Limited
Shri Vinod Hejmadi Director(Finance), Air India Limited	Air India Nominee Director
Shri Arun Kumar Jt Secretary & Financial Advisor Ministry of Civil Aviation	Government Nominee Director
Shri Satyendra Kumar Mishra Joint Secretary Ministry of Civil Aviation	Government Nominee Director

Shri Pradeep Singh Kharola, who was appointed as Chairman effective 12th December, 2017 *vice* Shri Rajiv Bansal, ceased to be Chairman effective 14th February, 2019 and Shri Ashwani Lohani was appointed Chairman of the Company effective that date.

The Board places on record its appreciation of the valuable services rendered by Shri Pradeep Singh Kharola as Chairman of the Company.

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

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

Board Meetings

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

25th April, 2018 (67th Meeting)

5th September, 2018 (68th Meeting)

18th October, 2018 (69th Meeting)

6th November, 2018 (70th Meeting)

22nd January 2019 (71st Meeting)

27th March 2019 (72nd Meeting)

Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2018-19:

Name of the Director	Academic Qualifications	Attendance out of 6 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Pradeep Singh Kharola- Chairman (From 12.12.2017 to 14.02.2019)	Phd, Masters in Development Management	5	Chairman Air India Limited, Air India Assets Holding Limited, Air India Express Limited, Air India Air Transport Services Limited, Air -India Engineering Services Limited, Airlines Allied Services Limited, Hotel Corporation of India Limited Director Air India SATS Airport Services Pvt Ltd, Air Mauritius Ltd, Air Mauritius Holdings Ltd	Chairman Corporate Social Responsibility Committee-Air India Air Transport Services Limited Member Nomination & Remuneration Committee-Air India Limited; Audit Committee - Hotel Corporation of India Limited and Air India Air Transport Services Limited
Shri Ashwani Lohani Chairman (from 14th February, 2019)	Mechanical Engineer & Fellow of Chartered Institute of Logistic & Transport	1	Chairman Air India Limited, Air India Express Limited, Air India Air Transport Services Limited, Air- India Engineering Services Limited, Airlines Allied Services Limited Hotel Corporation of India Limited Director Air India SATS Airport Services Pvt Ltd, Air Mauritius Ltd, Air Mauritius Holdings Ltd	Chairman Corporate Social Responsibility Committee- Air India Air Transport Services Limited Member Nomination & Remuneration Committee- Air India Limited; Audit Committee- Hotel Corporation of India Limited and Air India Air Transport Services Limited Permanent Invitee Audit Committee-Air India Limited, Air Allied Services Limited and Air- India Engineering Services Limited

Ms Gargi Kaul Addl Secretary & Financial Advisor, Ministry of Civil Aviation- Government Nominee Director (From 6th May, 2015 to 24th January, 2019)	M.Phil	4	Director Air India Limited, Air India Air Transport Services Limited, Air- India Engineering Services Limited, Hotel Corporation of India Limited, Pawan Hans Ltd., Delhi International Airport Limited, Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI), Air India Assets Holding Limited	Chairperson Share Allotment Committee- Air India Limited; Audit Committee- Air India Air Transport Services Limited, Air-India Engineering Services Limited and Hotel Corporation of India Limited Member Audit Committee-Air India Limited CSR Committee-Air India Air Transport Services Limited
Shri Arun Kumar Addl Secretary & Financial Advisor, Ministry of Civil Aviation- Government Nominee Director (From 24th January, 2019)	B.A.(Hons.)	1	Director Air India Limited, Air India Air Transport Services Limited, Air- India Engineering Services Limited, Hotel Corporation of India Limited, Pawan Hans Ltd., Indian Renewable Energy Development Agency Limited (IREDA), Solar Energy Corporation of India Ltd. (SECI), Air India Assets Holding Limited	Chairman Audit Committee- Air India Air Transport Services Limited and Hotel Corporation of India Limited; Share Allotment Committee- Air India Limited Member Audit Committee-Air India Limited CSR Committee-Air India Air Transport Services Limited
Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation -Government Nominee Director (From 2nd February, 2017)	M.Tech (Applied Geology) M.A. (Public Policy)	5	Director Air India Limited, Air India Air Transport Services Limited, Air -India Engineering Services Ltd, Hotel Corporation of India Ltd.	Member Nomination & Remuneration Committee- Air India Limited; HR Committee- Air India Limited; Audit Committee- Air India Air Transport Services Limited, Air- India Engineering Services Limited and Hotel Corporation of India Limited; CSR Committee- Air India Air Transport Services Limited

Shri Vinod Shanker Hejmadi Air India Nominee Director (From 7th December, 2015)	B.Com., ACA	6	Director Air India Ltd, Air India Express Ltd, Air India Air Transport Services Limited, Air -India Engineering Services Ltd, Hotel Corporation of India Ltd, Airline Allied Services Ltd, Air India SATS Airport Services Pvt Ltd, Air India Assets Holding Limited	Chairman HR Committee- Air India Limited; Corporate Social Responsibility Committee- Air India Express Limited Member Nomination & Remuneration Committee- Air India Limited; Corporate Social Responsibility & Sustainability Development Committee-Air India Limited; Corporate Social Responsibility Committee- Air India Air Transport Services Limited; Share Allotment Committee- Air India Limited; Audit Committee- Hotel Corporation of India Limited, Air India Air Transport Services Limited, Air India Express Limited, Air India Engineering Services Limited and Airline Allied Services Limited

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 2019, the following were the Members of the Audit Committee:

Addl Secretary & Financial Advisor, MOCA	Chairman
Jt Secretary, MOCA	Member

Chairman & Managing Director, Air India Ltd Member

Air India Nominee Director Member

The terms of reference of this Committee are:

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

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

AGM Number	Date and time of the Meeting	Venue	Special Resolution
13th	21st December 2016 at 1230hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
13th (Adjourned)	25th April, 2017 at 1330 hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001	NIL
14th	7th December 2017 at 1745hrs	Airlines House,113 Gurudwara Rak-abganj Road, New Delhi 110 001	NIL
14th (Adjourned)	20th February, 2018 at 1100hrs	Airlines House,113 Gurudwara Rak-abganj Road, New Delhi 110 001	NIL
15th	26th December, 2018 at 1600hrs	Airlines House,113 Gurudwara Rak-abganj Road, New Delhi 110 001	NIL
15th (Ad-journed)	3rd January 2019 at 1200hrs	Airlines House,113 Gurudwara Rak-abganj Road, New Delhi 110 001	NIL

CODE OF CONDUCT

DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31 March 2019.

Sd/-
(Ashvini Sharma)
CEO
Air India Air Transport Services Limited

Place : Delhi
Date : 06.09.2019

Annexure I

AIR INDIA AIR TRANSPORT SERVICES LIMITED

CSR POLICY

A. Background

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

B. CSR Policy

I. Objective and Scope

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

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

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

II. CSR Organisation Structure

a. CSR Committee

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

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

(vii) Approve projects / programs / activities with monetary value of Rs. 50 lakhs and above in each case.
(viii) Approve projects / programs / activities of any value which are outside AIATSL's focus areas.

b. <u>CSR Working Committee</u>

Members of CSR Working Committee :

(i) Chief Executive Officer — Chairman
(ii) Chief of Finance
(iii) Chief of Personnel
(iv) Company Secretary

The roles and responsibilities of the CSR Working Committee include :

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

III. <u>CSR Focus Area Projects / Programs / Activities</u>

(a) AIATSL's CSR focus area projects / programs / activities are inspired by national developmental policies for development of children, women and weaker sections of the society and are based on inspiration from legislations on child rights, child development and education, national skilled development mission, Swach Bharat Mission and policies on community / rural development.

(b) The Company proposes to implement its CSR activities in the areas of
- Education
- Skilled development
- Environment and community development
- Drinking water
- Rural development
- Child care
- Conservation of natural resources
- Promoting and development of art and culture
- Public libraries
- Promotion and development of traditional arts and handicrafts
- Sports

(c) Detailed break up of projects / Programs / activities under each of the above areas will be approved in line with the limits of authority manual.

(d) Any projects / Programs / activities in areas other than the above will be taken up with the approval of the CSR Committee.

(e) These projects / Programs / activities shall be undertaken at any of the following :

- The area in the proximity to AIATSL's operation area / locations
- In Backward Region Grant Fund (BRGF) districts as identified by Planning Commission
- Where there is a strategic connect for AIATSL

(f) CSR projects / Programs / activities will be implemented through implementing partners / specialized agencies. The minimum eligibility criteria for an implementing partner are as follows :

- It must be a registered society, trust, company or any specialized agency having minimum of three years of experience post registration in handling activities of similar nature.
- Experience of working with any government body or public sector enterprise will be preferred.

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

IV. <u>CSR Budget / CSR Spend</u>

(i) As provided under the Companies Act, 2013 AIATSL shall earmark as CSR Budget at least 2% of the average net profits of the Company during the three immediately preceding financial years.

(ii) Budgetary allocation :

(a) Not less than 60% of the budget will be allocated for activities in a project mode.

(b) Not more than 5% of the budget will be allocated for capacity building and communications.

(c) Balance budget could be for one time and other social activities.

(d) In case the Company fails to spend the budget in any particular financial year, the Committee shall submit a report in writing to the Board of Directors specifying the reasons for not spending the amount which shall be reported by the Board in the Directors' Report for that particular financial year. Any surplus arising out of the CSR projects / Programs / activities shall not form part of the business profit of the Company.

V. <u>Monitoring Mechanism</u>

(i) Monitoring process will be a two tier mechanism through

(a) CSR Committee on quarterly basis

(b) CSR Working Committee and Representatives of entities with which the Company decides to collaborate together would ensure effective implementation and monitoring of the projects / Programs / activities approved by the CSR Committee. They will submit periodic reports to the CSR Committee on the progress of various projects / Programs / activities approved by the Committee.

(ii) In addition to the above, at the end of the year third party impact assessment of major projects will be carried out.

VI. <u>Publication of CSR Policy and Programs</u>

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

VII. <u>Policy Review and Future Amendment</u>

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

Annexure-II

AIR INDIA AIR TRANSPORT SERVICES LIMITED
Project Report on CSR Activities
Financial Year 2018-19

Sr No.	Particulars
1	**A brief outline of the Company's CSR Policy including overview of projects or Programs proposed to be undertaken and a reference to the weblink to the CSR Policy and projects or Programs** • The Board of Directors of the Company have adopted a CSR Policy, which includes implementation of CSR activities in the areas of Education, Skill Development, Women Empowerment, Environment, Rural Development, Child and Women Health, etc. The Company's Policy is to focus on making positive contribution to the society through high impact, sustainable Programs. At least 60% of the CSR budget would be allocated for CSR activities in a project mode. The Company will implement CSR activities to empower weaker, less privileged and marginalised sections of the society to create social capital. • The CSR focus area projects / Programs / activities are inspired by the National Development Policies and would cover various areas as detailed in the CSR Policy. These activities could be undertaken in the proximity of the Company's operation area, BRGF districts as identified by Planning Commission and where there was a strategic connect for the Company. • The CSR projects / Programs / activities would be implemented through implementing partners / specialised agencies, the selection of whom would be based on the laid down criteria.
2	**The Composition of the CSR Committee** We have a Board Committee (CSR Committee) that inter alia formulates the CSR Policy, recommends CSR Budget for approval of the Board, approves CSR projects with a monetary value of Rs. 50 lakhs and above and monitor CSR Policy to ensure that the CSR objectives are met. The CSR Committee comprises of Shri Ashwani Lohani — Chairman Shri Arun Kumar — Member Shri Satyendra Kumar Mishra — Member Shri Vinod Shanker Hejmadi — Member
3	**Average Net Profit of the Company for last three financial years** Rs. 96,19,63,850/- (Rupees Ninety Six Crores Nineteen Lakhs Sixty Three Thousand Eight Hundred & Fifty)

4	**Prescribed CSR Expenditure (Two Per Cent of the amount as in Item 3 above)** Rs. 1,92,39,277/- (Rupees One Crore Ninety Two Lakhs Thirty Nine Thousand Two Hundred and Seventy Seven Only). However, as during previous years, an amount of Rs. 2,42,69,292 /- (Rupees Two Crores Forty Two Lakhs Sixty Nine Thousand Two Hundred and Ninety Two Only) remained unspent, it was proposed to spend Rs. 4,35,08,569/- (Rupees Four Crores Thirty Five Lakhs Eight Thousand Five Hundred and Sixty Nine Only) during 2018-19.
5	**Details of CSR spent during the Financial Year** **(a) Total amount to be spent for the Financial Year** Rs. 4,35,08,569/- (Rupees Four Crores Thirty Five Lakhs Eight Thousand Five Hundred and Sixty Nine Only) (Rs. 1,92,39,277/- of 2018-19 and Rs. 2,42,69,292 /- unspent from last few years) **(b) Amount unspent, if any** Rs. 4,35,08,569/- (Rupees Four Crores Thirty Five Lakhs Eight Thousand Five Hundred and Sixty Nine Only) **(c) Manner in which the amount spent during the Financial Year** See Annexure attached
6	**In case Company has failed to spend the Two Per Cent of the average Net Profit of the last three Financial Years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report** In the view of disinvestment and also due to certain local factors at Milakpur Turk Alwar district the work which was proposed to be executed could not be executed as planned. However considering that the desired level of CSR spending could not be carried out The matter was placed before the board along with CSR budget approval for FY 2018-19 in a meeting dated 27th March 2019. Management now has decided to carry forward the entire unspent amount in FY 2019-20.
7	**A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR Objectives and Policy of the Company** We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of the CSR project and activities in compliance with our CSR Objectives.

For Air India Air Transport Services Limited

Sd/-
Ashwani Lohani
Chairman of CSR Committee

Sd/-
Ashvini Sharma
Chief Executive Officer

ANNEXURE

Sr No.	CSR Project or activity (2)	Sector in which the Project is covered (3)	Location of the Project or Programme (4)	Amount Outlay (Budget) (5)	Amount spent on the Projects or Programs (6)
(i) Expenditure on Projects / Programs					
	Construction of rooms for setting up of stitching centre for women (Skill Development) Upgradation / modernisation of kitchen in Primary School Construction of toilets and class rooms in Primary and Secondary Schools Providing Solar Powered Street Lights	Rural Development	Village Milakpur Turk in Alwar District, Rajasthan	Rs. 1,92,39,277/- (2018-19) plus Rs. 2,42,69,292 /- (Unspent from last few years) Total - Rs.4,35,08,569/-	NIL
(ii) Overhead					
-					

For Air India Air Transport Services Limited

Sd/-
Ashwani Lohani
Chairman of CSR Committee

Sd/-
Ashvini Sharma
Chief Executive Officer

Annexure III

ANNEXURE TO DIRECTORS' REPORT FOR THE YEAR 2018-19

FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

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	9th 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.	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400083 +91 22 49186000

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 the 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.	U62200DL2007GOI161431	Holding	100%	2 (46)

IV SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity) :

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2018]				No. of Shares held at the end of the year [As on 31-03-2019]				% Change during the year
	Demat	Physical	**Total**	**% of Total Shares**	**Demat**	**Physical**	**Total**	**% of Total Shares**	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	-	138424200	138424200	100		138424200	138424200	100	
e) Banks / FI									
f) Any other									
Total shareholding of Promoter (A)		138424200	138424200	100	-	138424200	138424200	100	
B. Public Shareholding	Not Applicable								
1. Institutions									
a) Mutual Funds/UTI									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify) Foreign Banks									
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 01-04-2018]				No. of Shares held at the end of the year [As on 31-03-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions	Not Applicable								
a) Bodies Corp. (Market Maker + LLP)									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh									
c) Others (specify)									
i) Non Resident Indians									
ii) Non Resident Indians - Non Repatriable									
iii)Office Bearers									
iv)Directors									
v)HUF									
vi)Overseas Corporate Bodies									
vi)Foreign Nationals									
vii)Clearing Members									
viii)Trusts									
ix)Foreign Bodies - D R									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B) = (B)(1)+ (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)		138424200	138424200	100		138424200	138424200	100	

B) Shareholding of Promoter-

Sr No.	Share-holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Share-holding during the year
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encum-bered to total shares	No. of Shares	% of total Shares of the com-pany	%of Shares Pledged / encum-beredd to total shares	
1	Air India Limited	138424200	100	NIL	138424200	100	NIL	

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

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

D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):

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

E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Shareholding of each Directors and each Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding at the end of year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Shri Ashwani Lohani (As Nominee of Air India Limited)	1	0	1	0
2	Shri Vinod Hejmadi (As Nominee of Air India Limited)	1	0	1	0
	Total	**2**	**0**	**2**	**0**

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

(In Rs Crore)

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

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NOT APPLICABLE

(Figures in Rs.)

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

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

B. Remuneration to other directors

Sr No.	Particulars of Remuneration	Name of Directors					Total Amount
1	Independent Directors						
	Fee for attending board committee meetings						
	Commission	-	-	-	-	-	-
	Others, please specify (Fees for attending Board Sub Committee Meetings)	-	-	-	-	-	-
	Total(1)	-	-	-	-	-	-
2	Other Non-Executive Directors	-	-	-	-	-	-
	Fee for attending board committee meetings	-	-	-	-	-	-
	Commission	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-

	Total (2)	-	-	-		-	-
	Total (B)=(1+2)	-	-	-	-	-	-
	Total Managerial Remuneration	-	-	-	-	-	-
	Overall Ceiling as per the Act	-	-	-	-	-	-
		-	-	-	-	-	-

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

(figures in million)

Sr. No.	**Particulars of Remuneration**	**Key Managerial Personnel**			
					Total
1	Gross salary	.01	*	*	.01
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		-	-	
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-	-	
2	Stock Option	-	-	-	
3	Sweat Equity	-	-	-	
4	Commission	-	-	-	
	- as % of profit	-	-	-	
	Others, specify.	-	-	-	
5	Others: (PF, DCS, House Perks tax etc)	-	-	-	
	Total		-	-	

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

The Chief Financial Officer is holding the position in addition to his responsibility as General Manager-Finance in Air India Ltd..

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)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[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 filedand 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 31st March, 2019 ('**Audit Period**') complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder**;**

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder **(Not applicable to the Company during the Audit Period)**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder; **(Not applicable to the Company during the Audit Period)**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(Not applicable to the Company during the Audit Period);**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **(Not applicable to the Company during the Audit Period)**;

(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **(Not applicable to the Company during the Audit Period)**;

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**;

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. **(Not applicable to the Company during the Audit Period)**;

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(Not applicable to the Company during the Audit Period)**;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(Not applicable to the Company during the Audit Period)**;

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(Not applicable to the Company during the Audit Period)**; and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(Not applicable to the Company during the Audit Period)**;

(vi) Having regard to the compliance system prevailing in the Company and on the basis of the Compliance Certificates/Management Representation Letters issued by the designated officers of the Company, the Company has complied with the following laws applicable specifically to the Company:

(a) The Payment of Gratuity Act, 1972;

(b) The Payment of Bonus Act, 1965;

(c) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

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

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

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

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

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

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

i. *The gap between the Board meetings held on 25th April, 2018 and 5th September, 2018 was more than 120 days which is in violation of Section 173(1) of the Companies Act, 2013.*

I/we further report that:-

The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

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

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

Place : Mumbai
Date : 6th September, 2019

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 occurance of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. My examination was limited to the verification of procedures on test check basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

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

Place : Mumbai
Date : 6th September, 2019

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 2019

The preparation of financial statements **of AIR INDIA AIR TRANSPORT SERVICES LIMITED** for the year ended 31 March 2019 in accordance with the financial Reporting framework prescribed under the companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of the India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of 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 06 September 2019.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of **AIR INDIA AIR TRANSPORT SERVICES LIMITED** for the year ended 31 March 2019 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

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

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

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

Place: New Delhi
Dated: 18 November 2019

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF AIR INDIA AIR TRANSPORT SERVICES LTD.

Report on the audit of the Financial Statements

Opinion

We have audited the financial statements of **AIR INDIA AIR TRANSPORT SERVICES LTD.** (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the determinate/indeterminate effects of the matter described in the Basis for Qualified Opinion paragraph of our report, the aforesaid financial statements give the information required by the CompaniesAct, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

1. The Company has carried forward following account balances which are pending reconciliation/ adjustments (if any) as at March 31, 2019:

    a. the company has accounted for ground handling service revenue from IATA platform based on service document generated by the manual system. This revenue is subject to rejections/adjustments by the IATA.The reconciliation for such rejections/adjustments with IATA is pending since Financial Year 2014- 2015. Balance outstanding in respect thereof as at March 31, 2019 is Rs. 511.02 million against which the Company has made expected credit loss allowance of Rs.156.82 million. We have relied on the management contention for realisation of such balances at least equivalent to the value reported and hence, no further adjustments are required to be made.

    b. Recording and accounting of expenses relating to Employee Benefits is not automated. During the course of verification various statutory non-compliances regarding provident fund, ESIC, Professional tax, Tax Deducted at Sources have also been observed. Further, we report that Employee Benefits related accounts have reported adverse balances which are under reconciliation and are reported on net basis. Balances of Goods and Service Tax, Income Tax assets and Tax Deducted at source are under reconciliation with the respective statutory returns. The Company is in the process of reconciling the said balances and assessing the impact on financial statements. We are unable to ascertain impact of such balances on the financial statements. We have relied on the management contention that reconciliation of such balances will not result in material impact on the financial statements and hence, no further adjustments are required for the current year.

c. Balances of trade payable and trade receivable are subject to balance confirmation and reconciliation. Pending such reconciliation trade payable has been reported net of debit balance amounting to Rs.58.00 million and trade receivable net of credit balance amounting to Rs.209.57 million. In the absence of adequate reconciliation, we are unable to ascertain impact of such reconciliation on the financial statements.

d. The Company has collected airport authority levy in respect of ground handling services provided to parties other than Air India Limited and its group companies. As at March 31, 2019, cumulative collection towards such levy for the past five years is classified under other financial liability and trade payables. This amount is yet to be paid to the Airport Authority of India. Pending adjustments of such levy, the management does not expect material impact on the financial statements.

The matters stated above could also have a consequential impact on the measurement and disclosures of information provided in the financial statements, in respect of, but not limited to revenue, goods and service tax, income tax, profit for the year and receivables, payables, shareholders' funds for the respective financial years which could not be ascertained.

We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act ('SAs'). Our responsibilities under those SA s are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of Matter

1. As stated in Note 24 to the financial statements, the Company has restated its Financial Statements[except for items as mentioned in para (1) (a) and (b) below] for the year ended March 31, 2018 in accordance with Ind AS – 8, "Accounting Policies, Changes in Accounting Estimates and Errors".

    a. We draw attention to Note 34 (b) of the financial statements. The Company has recomputed deferred tax on differences using Balance Sheet approach as against Income approach in accordance with the requirements of Ind AS – 12 "Income Taxes". The Company has computed opening cumulative effect (i.e. April 01, 2018) due to this error amounting to Rs. 939.37 million which pertains to one or more prior periods. As per the management, it is impracticable to determine the period-specific effects of this error on comparative financial information for reported prior period and hence, the company has given cumulative effect of the error prospectively by restating the opening balances of assets and other equity as at April 01,2018.

    b. We draw attention to Note 42(i) of the financial statements, hitherto the Company has not provided for impairments of financial assets (Trade and Other Contractual Receivables) using provision matrix in accordance with the requirements of Ind AS – 109 "Financial Instruments". During the year, the Company has computed cumulative effect of Expected Credit Loss as on March 31, 2019 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs. 436.26 million. The Company has considered Rs.Nil towards expected credit loss in respect of receivable from the group companies. As per the management, it is impracticable to determine the period-specific effects of this omission on comparative financial information and hence, the company has given cumulative effect prospectively from the financial year ended on March 31, 2019.

c. Other Prior Period adjustments consists of errors/omissions on account of recording of revenue, accounting of net foreign exchange gain/(loss) on realisation, effect of receivable/payable reconciliations and others. Accordingly, net effect amounting to Rs.171.99 million has been considered in the Statement of Profit and Loss of the previous year with corresponding effect in related assets/liabilities. This has resulted into decrease in profit before tax and other comprehensive income by Rs.171.99 million and Rs. 5.05 million respectively with corresponding reduction of other equity by Rs.177.04 million for the previous year.

We have verified whether the effects of above misstatements for the previous year dealt with by the management are in accordance with generally accepted accounting principles in India. Our audit procedures for previous year never intended to cover the verification of complete set of financial statements for previous year nor have we conducted such verification. We therefore restricted our verification to the effects of misstatements for the previous year noticed during the course of audit for the current year.

Accordingly, the Comparative Financial Statements including related notes to accounts and other disclosures, to the extent made, are as per the published numbers as reported by the predecessor Statutory Auditor of the Company and as adopted by the shareholders after giving effects of (c) above. Possible effects of items reported in para (a) and (b) above on the previous year financial statements cannot be as certained and hence, reported financial information of the previous year is strictly not comparable.

2. The Company generates majority of its revenue by providing services to Air India Limited (the Holding Company).As explained to us, the Company is in the process of entering into a comprehensive arrangement outlining the details of all the services to be provided by both, *inter se* . In the absence of approved master service agreement, the Company has recorded its transactions based on rate chart approved by both the parties. We have relied on the management contention that effect of master service agreement would not be material and will be considered in the year in which it will be signed.

3. We draw attention to Note 27 to the financial statements which describes that the Company’s Property, Plant and Equipment include assets amounting to Rs. 2720.23 million (gross block) and Rs. 765.81million (net block) transferred from Air India Limited (the Holding Company) during the year ended March 31, 2015, while computing depreciation for earlier years, depreciation was considered based on total useful life as against remaining useful life on such assets.

During the current Financial Year, the Company has updated its depreciation computation and accordingly revised depreciation working based on opening net block as on April 01, 2018 divided by remaining useful life. We have relied on the management assessment of revised estimate for providing depreciation from the current year.

The physical verification of fixed assets with the balances in the books as on March 31, 2018 has been conducted by an Independent outside agency appointed by the Company. As per the physical verification report dated August 13, 2019, shortages amounting to Rs. 27.20 million has been identified by the agency. The management is reviewing the impact of the shortages to be given in the books of account and is in the process of obtaining authorization from the competent authority.

The matters stated above could also have a consequential impact on the measurement and disclosures of information provided in the financial statements, in respect of, but not limited to tax, property, plant and equipment, profit for the year and shareholder's funds for the respective financial years which could not be ascertained.

Our opinion is not modified in respect of these matters.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Management's Responsibilities for the Financial Statements

The Company's management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies ;making judgments and estimates that are reasonable and prudent ;and design, implementation and maintenance of adequate internal financial controls, 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.

In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under sub-section (3)(i) of section 143 of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements of in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable ,related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the financial year ended March 31,2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements of the Company for the year ended March 31, 2018 were audited by another firm of Chartered Accountants, who vide their report dated November 06, 2018, expressed a modified opinion on those financial statements with respect to the matter described para 1 (b) in the Basis for Qualified opinion paragraph above.

Our opinion on the financial statements is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   b. In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c. The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive

Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;

d. Except for the determinate/indeterminate effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

e. The outcome of the matter described in the Basis for Qualified Opinion paragraph above in our opinion, may have an adverse effect on the functioning of the Company;

f. In pursuance to the Notification No.G.S.R.463 (E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section (2) of section 164 of the Act pertaining to disqualification of directors, is not applicable to the Government Company.

g. With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

h. In term of Notification no.G.S.R.463 (E) dt.05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company.

i. With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended in our opinion and to the best of our information and according to the explanations given to us:

   i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 22 to the financial statements;

   ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

3. As required by sub-section(5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of Air India Air Transport Services Ltd, we report that:

   a) *Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.*

   The Company has system for accounting transactions through IT system. However, it has been observed that adequacy of design of information technology (IT) general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs to be strengthened. We refer our remarks given in our separate Report in “Annexure B” – Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section (3) of Section 143 of the Act for further details.

b) *Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the company due to the company’s inability to repay the loan? If yes, the financial impact may be stated.*

The Company does not have any borrowings during the year.

c) *Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.*

The Company has not received funds from specific schemes from central/ state agencies during the year.

For SHAH GUPTA & CO.,
Chartered Accountants
Firm Registration No.: 109574W

Sd/-
Vipul K Choksi
Partner
M. No. 37606
UDIN: 19037606AAAABU1459

Place: Mumbai
Date: 06.09.2019

ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AIR INDIA AIR TRANSPORT SERVICES LTD. of even date)

(i) (a) The Company has maintained fixed assets register based on available details in books of account. However, fixed asset register showing full particular, including quantitative details and situation of fixed assets is not maintained.

(b) The Company has undertaken physical verification of fixed assets for previous year with the help of independent agency (Refer note 27 to the financial statements). However, the shortages amounting to Rs. 27.20 million identified by the agency is under review by the management and the impact in the books of account has not been considered in the current year. As explained to us, physical verification exercise has been done after four years as against the Company's policy to be done on a rotational basis so that every asset is in every two years. In our opinion, this periodicity of physical verification of fixed assets need to be strengthened. Since the management is reviewing the shortages identified by the agency, we are unable to comment on the discrepancies, which could have arisen on such verification.

(c) The company does not own any immovable properties and, hence, reporting under paragraph 3 (i) (c) of the order is not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification needs to be further strengthened. The discrepancies noticed on verification between the physical stocks and the book records are appropriately accounted for except that inventories held by the Company on behalf of its Group Companies are under reconciliation and will be given effect to upon final reconciliation.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Hence, reporting under paragraph 3 (iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence, reporting under paragraph 3 (v) of the Order is not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148 of the Act. We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however ,not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales- tax, goods and service tax, cess and other material statutory dues applicable to it except that non- compliances have been noticed regarding payment of dues in respect of provident fund, employees' state insurance, Professional tax, income tax, Tax Deducted at Sources, goods and service tax.

Further, balances of Goods and Service Tax and Tax Deducted at source are under reconciliation with the respective statutory returns. In the absence of adequate information, we are unable to opine on the same.

According to information and explanations given to us, we have noticed following undisputed amounts payable (pending reconciliation) were outstanding, at the year end, for a period of more than six months from the date they became payable.

Name of the Statue	Nature of dues	Amount (Rs in million)	Period to which the amount relates
Employees Provident Fund Act, 1952	Provident Fund	6.12	Under Reconciliation
Employees State Insurance, 1948	ESIC Dues	7.86	Under Reconciliation
Professional Tax	Professional Tax	8.87	Under Reconciliation
Income Tax Act, 1961	Tax Deducted at source	8.01	Under Reconciliation
Goods and Service Tax	TDS on GST (Section 51)	1.69	Under Reconciliation

(b) According to the information and explanations given to us, there are no dues of income tax, sales tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except following:

Name of the Statue	Nature of Dues	Amount (Rs in million)	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1994	Service Tax	1.10	April 2016to June2017	CESTAT

(viii) Based on our examination of documents and records, the Company has not taken any loan from a financial institution, a bank, the government or issued debentures and, hence, reporting under paragraph 3 (viii) of the Order is not applicable.

(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans, hence, reporting under paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company, hence, reporting under paragraph 3 (xi) of the Order is not applicable.

(xii) The Company is not a Nidhi Company and hence, reporting under paragraph 3 (xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with directors. Hence, reporting under paragraph 3 (xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence, reporting under paragraph 3 (xvi) of the Order is not applicable to the Company.

For SHAH GUPTA & CO.,
Chartered Accountants
Firm Registration No.: 109574W

Sd/-
Vipul K Choksi
Partner
M. No. 37606
UDIN: 19037606AAAABU1459

Place: Mumbai
Date: 06.09.2019

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AIR INDIA AIR TRANSPORT SERVICES LTD. of even date)

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section (3) of Section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of **AIR INDIA AIR TRANSPORT SERVICES LTD.** (hereinafter referred to as "the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these finacial statements

A Company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting with reference to these financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:

a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:

   (i) Standard Operating Procedures for critical processes are not in place.

   (ii) Authorisation controls such as maker/checker controls in accounting software is not functional.

   (iii) Absent or inadequate segregation of duties (including responsibility chart and job descriptions) within a significant accounting process.

   (iv) Inadequate design of information technology (IT) general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.

   (v) Inadequate design of monitoring controls used to assess the design and operating effectiveness of the entity's internal control over time. The absence of an internal process to report deficiencies in internal control to management on a timely basis.

(vi) Payroll is a significant process considering the size of Company's Operations. However, it has been observed that various processes such as attendance, leave records, details of new joinee's and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.

(b) Failure of controls designed to safeguard assets from loss, damage, or misappropriation. The Company did not have appropriate internal controls for reconciliation of physical inventory and fixed assets with the books of accounts.

(c) Failure to perform reconciliations of significant accounts such as accounts receivable, accounts payable, statutory dues with returns and payroll balances are not reconciled in a timely or accurate manner.

(d) Following are indicator of a control deficiency and a strong indicator of a material weakness in internal control:

(i) Restatement of previously issued financial statements to reflect the correction of a material misstatement. This indicates that cut-off procedures while closing are not working efficiently.

(ii) Identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control.

(iii) The scope of internal audit is limited and does not cover various essential processes such as payroll, fixed assets, inventories. An ineffective internal audit function requires important accounting functions to be covered and monitored at reasonable intervals.

(iv) Non-compliances in complying with the laws and regulations by the entity has been observed. This indicates an ineffective regulatory compliance function.

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

In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on financial statements.

For SHAH GUPTA & CO.,
Chartered Accountants
Firm Registration No.: 109574W

Sd/-
Vipul K Choksi
Partner
M. No. 37606
UDIN: 19037606AAAABU1459.

Place: Mumbai
Date: 06.09.2019

MANAGEMENT REPLIES TO THE INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF AIR INDIA AIR TRANSPORT SERVICES LTD.

FOR THE FINANCIAL YEAR 2018-2019

Sr. No.	Independent Auditor's comments	Management's comment
	INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF AIR INDIA AIR TRANSPORT SERVICES LTD. Report on the audit of the Financial Statements	
	Opinion We have audited the financial statements of AIR INDIA AIR TRANSPORT SERVICES LTD. (hereinafter referred to as "the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information. In our opinion and to the best of our information and according to the explanations given to us, except for the determinate/indeterminate effects of the matter described in the Basis for Qualified Opinion paragraph of our report, the aforesaid financial statements give the information required by the Companies Act, 2013 (the 'Act') in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.	This is a statement of fact.
	Basis for Qualified Opinion:	
1	The Company has carried forward following account balances which are pending reconciliation / adjustments (if any) as at March 31, 2019:	

Sr. No.	Independent Auditor's comments	Management's comment
a.	The Company has accounted for ground handling service revenue from IATA platform based on service document generated by the manual system. This revenue is subject to rejections/adjustments by the IATA. The reconciliation for such rejections/adjustments with IATA is pending since Financial Year 2014- 2015. Balance outstanding in respect thereof as at March 31, 2019 is Rs.511.02 million against which the Company has made expected credit loss allowance of Rs.156.82 million. We have relied on the management contention for realisation of such balances at least equivalent to the value reported and hence, no further adjustments are required to be made.	The billing on other airlines thru IATA Clearing House (ICH) is done thru automated system (MBS), however the basis of billing is as per Ramp Assistance Forms (RAF), which are serially controlled and proper records are maintained on manual basis. Billing thru ICH is a well-established laid down procedure followed by most of the airlines world over. As per the procedures laid down by ICH, the airlines reserve the right to recharge after following a protocol, which is a normal practice. Based on the merit of the case, the company reviews the recharge and either accept the recharge or rebill to the airline. However, as per requirement of IND AS 109 for Providing doubtful under Expected Credit loss model, provision for Rs. 156.82 Million has already been made against dues of all these years and further necessary steps will be taken in due course to follow-up with the airlines to obtain their approval to recharge.
b.	Recording and accounting of expenses relating to Employee Benefits is not automated. During the course of verification various statutory non-compliances regarding provident fund, ESIC, Professional tax, Tax Deducted at Sources have also been observed. Further, we report that Employee Benefits related accounts have reported adverse balances which are under reconciliation and are reported on net basis. Balances of Goods and Service Tax, Income Tax assets and Tax Deducted at source are under reconciliation with the respective statutory returns. The Company is in the process of reconciling the said balances and assessing the impact on financial statements. We are unable to ascertain impact of such balances on the financial statements. We have relied on the management contention that reconciliation of such balances will not result in material impact on the financial statements and hence, no further adjustments are required for the current year.	While the payroll is drawn based on inputs in HR Module of SAP, the attendance of staff is maintained manually and SAP records are updated accordingly. The statutory deduction of PF, ESIC, PT, TDS have been paid, however, there are a few instances (viz. non-availability of PAN/Aadhar card and mismatch in the names in KYC documentation of employees, Employees related other data as required under PF Act theUAN Number not getting generated and no payment can be effected in absence of UAN number). The instances of delays are being looked into and will be addressed in the next financial year.

Sr. No.	Independent Auditor's comments	Management's comment
c.	Balances of trade payable and trade receivable are subject to balance confirmation and reconciliation. Pending such reconciliation trade payable has been reported net of debit balance amounting to Rs.58.00 million and trade receivable net of credit balance amounting to Rs.209.57 million. In the absence of adequate reconciliation, we are unable to ascertain impact of such reconciliation on the financial statements.	Total trade receivable includes Rs. 2408.94 million from group company which have been confirmed by respective group company (which is about 60% of total trade receivable). However, Balance Rs.1599.77 Million is (i.e. 40 % only) relates with outside parties for which company has sent letters for year end balances confirmation. We have receivd confirmation and also amounts subsequently during the current year which will in the region of 80-85% of total outstanding. However, the confirmation of balances are not acknowledged despite of follow up. However, reconciliation / knocking off (i.e. debit balance with credit balance of the same parties) will be made in the next financial year
d.	The Company has collected airport authority levy in respect of ground handling services provided to parties other than Air India Limited and its group companies. As at March 31, 2019, cumulative collection towards such levy for the past five years is classified under other financial liability and trade payables. This amount is yet to be paid to the Airport Authority of India. Pending adjustments of such levy, the management does not expect material impact on the financial statements.	While the company has provided the liability as a matter of prudence. The payments to respective authorities are made on receipt of invoices from such authorities after verification of their claim.
	The matters stated above could also have a consequential impact on the measurement and disclosures of information provided in the financial statements, in respect of, but not limited to revenue, goods and service tax, income tax, profit for the year and receivables, payables, shareholders' funds for the respective financial years which could not be ascertained. We conducted our audit in accordance with the Standards on Auditing specified under sub-section (10) of section 143 of the Act ('SAs'). Our responsibilities under those SAs are further described in the Auditor's	The company is of firm opinion that the above will not lead to any substantial impact on the financials of the company. This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('ICAI') together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.	
	Emphasis of Matter:	
1.	As stated in Note 27 to the financial statements, the Company has restated its Financial Statements [except for items as mentioned in para (1) (a) and (b) below] for the year ended March 31, 2018 in accordance with Ind AS – 8, "Accounting Policies, Changes in Accounting Estimates and Errors".	Restatements of previous year figures have been made as per requirement of IND AS 8.
a.	We draw attention to Note 34 of the financial statements. The Company has computed deferred tax on differences using income statement approach as against balance sheet approach in accordance with the requirements of Ind AS – 12 "Income Taxes". The Company has computed opening cumulative effect (i.e. April 01, 2018) due to this error amounting to Rs. 939.37 million which pertains to one or more prior periods. As per the management, it is impracticable to determine the period-specific effects of this error on comparative financial information for reported prior period and hence, the company has given cumulative effect of the error prospectively by restating the opening balances of assets and other equity as at April 01, 2018.	Estimate of Deferred Tax/ Liability are being made at the yearend as on balance sheet date. In the case of any change in estimate of deferred tax assets / liability, prospective impact has been given as stated in the policy of the company as well as per IND AS 8.
b.	We draw attention to Note 41 of the financial statements, hitherto the Company has not provided for impairments of financial assets (Trade and Other Contractual Receivables)	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	using provision matrix in accordance with the requirements of Ind AS – 109 "Financial Instruments". During the year, the Company has computed cumulative effect of Expected Credit Loss as on March 31, 2019 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.436.26 million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies. As per the management, it is impracticable to determine the period-specific effects of this omission on comparative financial information and hence, the company has given cumulative effect prospectively from the financial year ended on March 31, 2019.	
c.	Other Prior Period adjustments consists of errors/omissions on account of incorrect recording of revenue, accounting of net foreign exchange gain/(loss) on realisation, balance written off, effect of receivable/payable reconciliations and others. Accordingly, net effect amounting to Rs.171.99 million has been considered in the Statement of Profit and Loss of the previous year with corresponding effect in related assets/liabilities. This has resulted into decrease in profit before tax and other comprehensive income by Rs.171.99 million and Rs.5.05 million respectively with corresponding reduction of other equity by Rs.177.04 million for the previous year.	This has been done incompliance with the requirement of IND AS 8.
	We have verified whether the effects of above misstatements for the previous year dealt with by the management are in accordance with generally accepted accounting principles in India. Our audit procedures for previous year never intended to cover the verification of complete set of financial statements for previous year nor have we conducted such verification. We therefore restricted our verification to the effects of misstatements for the previous year noticed during the course of audit for the current year.	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	Accordingly, the Comparative Financial Statements including related notes to accounts and other disclosures, to the extent made, are as per the published numbers as reported by the predecessor Statutory Auditor of the Company and as adopted by the shareholders after giving effects of (c) above. Possible effects of items reported in para (a) and (b) above on the previous year financial statements cannot be ascertained and hence, reported financial information of the previous year is strictly not comparable.	This is a statement of fact.
2	The Company has charged interest on outstanding balances to the group companies amounting to Rs.148.19 million after the normal credit period. This amount is accepted as reconciliation item in balance confirmation with the respective group companies. We have relied on the management contention for realisation of such balances at least equivalent to the value reported and hence, no further adjustments are made.	This is a statement of fact.
3	The Company generates majority of its revenue by providing services to Air India Limited (the Holding Company). As explained to us, the Company is in the process of entering into a comprehensive arrangement outlining the details of all the services to be provided by both, inter-se. In the absence of approved master service agreement, the Company has recorded its transactions based on rate chart approved by both the parties. We have relied on the management contention that effect of master service agreement would not be material and will be considered in the year in which it will be signed.	The MSA is in execution stage.
4	We draw attention to Note 30 to the financial statements which describes that the Company's Property, Plant and Equipment include assets amounting to Rs. 2720.23 million (gross block) and Rs. 765.81 million (net block) transferred from Air India Limited (the Holding Company) during the year ended	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	March 31, 2015, while computing depreciation for earlier years, depreciation was considered based on total useful life as against remaining useful life on such assets.	
	During the current FY, the Company has updated its depreciation computation and accordingly revised depreciation working based on opening net block as on April 01, 2018 divided by remaining useful life. We have relied on the management assessment of revised estimate for providing depreciation from the current year. The physical verification of fixed assets with the balances in the books as on March 31, 2018 has been conducted by an Independent outside agency appointed by the Company. As per the physical verification report dated August 13, 2019, shortages amounting to Rs.27.20 million has been identified by the agency. The management is reviewing the impact of the shortages to be given in the books of account and is in the process of obtaining authorisation from the competent authority. The matters stated above could also have a consequential impact on the measurement and disclosures of information provided in the financial statements, in respect of, but not limited to tax, property, plant and equipment, profit for the year and shareholders' funds for the respective financial years which could not be ascertained.	This is a statement of fact. The necessary action will be taken in the books of accounts in the next financial year after obtaining necessary management approval in this regard. Keeping in view of total Property, Plant and Equipment vis-à-vis the shortages identified during the course of Physical Verification, the management is of the firm opinion that this will not lead to material consequential impact. Further to this, the shortages so identified by the company, has been appropriately disclosed.
	Our opinion is not modified in respect of these matters.	
	Information Other than the Financial Statements and Auditor's Report Thereon The Company's management and Board of Directors are responsible for the preparation of the other information. The other	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	information comprises the information included in the Director's report, but does not include the financial statements and our auditor's report thereon. The Director's report is expected to be made available to us after the date of this auditor's report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Page 4 of 13 In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.	This is a statement of fact.
	Management's Responsibilities for the Financial Statements	
	The Company's management and Board of Directors are responsible for the matters stated in sub-section (5) of Section 134 of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity 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. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, 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. In preparing the financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors are also responsible for overseeing the Company's financial reporting process.	
	Auditor's Responsibilities for the audit of the Financial Statements	
	Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.	

Sr. No.	Independent Auditor's comments	Management's comment
	As part of an audit in accordance with SAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: ■ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. ■ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under sub-section (3)(i) of section 143 of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements of in place and the operating effectiveness of such controls. ■ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	■ Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. ■ Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.	

Sr. No.	Independent Auditor's comments	Management's comment
	From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.	
	Other Matter	
	The financial statements of the Company for the year ended March 31, 2018 were audited by another firm of Chartered Accountants, who vide their report dated November 06, 2018, expressed a modified opinion on those financial statements with respect to the matter described para 1(b) in the Basis for Qualified opinion paragraph above. Our opinion on the financial statements is not modified in respect of the above matter.	
	Report on Other Legal and Regulatory Requirements	
1.	As required by the Companies (Auditor's Report) Order, 2016 (the 'Order'), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.	This is a statement of fact.
2.	As required by sub-section (3) of Section 143 of the Act, based on our audit, we report that:	
a.	We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
b.	In our opinion, except for the matter described in the Basis for Qualified Opinion paragraph above, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;	This is a statement of fact.
c.	The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account;	This is a statement of fact.
d.	Except for the determinate/indeterminate effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;	This is a statement of fact.
e.	The outcome of the matter described in the Basis for Qualified Opinion paragraph above in our opinion, may have an adverse effect on the functioning of the Company;	This is a statement of fact.
f.	In pursuance to the Notification No. G.S.R. 463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, sub-section (2) of section 164 of the Act pertaining to disqualification of directors, is not applicable to the Government Company.	This is a statement of fact.
g.	With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".	This is a statement of fact.
h.	In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company.	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
i.	With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 as amended in our opinion and to the best of our information and according to the explanations given to us:	This is a statement of fact.
ii.	The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note _22 to the financial statements;	This is a statement of fact.
iii.	The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;	This is a statement of fact.
iv.	There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.	This is a statement of fact.
3	As required by sub-section (5) of Section 143 of the Act and in terms of directions issued by the Comptroller and Auditor General of India during the course of audit of annual accounts of Air India Air Transport Services Ltd, we report that:	
a.	Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. The Company has system for accounting transactions through IT system. However, it has been observed that adequacy of design of information technology (IT) general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs to be strengthened. We refer our remarks given in our separate Report in "Annexure B" – Report on the internal financial controls with reference to the	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	aforesaid financial statements under Clause (i) of sub-section (3) of Section 143 of the Act for further details.	
a.	Whether there is any restructuring of an existing loan or cases of waiver/write off of debts /loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. The Company does not have any borrowings during the year.	This is a statement of fact.
b.	Whether funds received/receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation. The Company has not received funds from specific schemes from central/ state agencies during the year.	This is a statement of fact.
	ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT	
	The Company has maintained fixed assets register based on available details in books of account. However, fixed assets register showing full particulars, including quantitative details and situation of fixed assets is not maintained. (b) The Company has undertaken physical verification of fixed assets for previous year with the help of independent agency (Refer note 30 to the financial statements). However, the shortages amounting to Rs.27.20 million identified by the agency is under review by the management and the impact in the books of account has not been considered in the current year. As explained to us, physical verification exercise has been done after four years as against the Company's policy to be done on a rotational basis so that every asset	The fixed asset register is maintained in SAP and has all the requisite detail, however the same is maintained business areawise which is the nomenclature in SAP and the location is the business area. This is a statement of fact. An external agency has been appointed to carry out the fixed asset verification, We have noted the observation made and necessary steps will be taken in the matter as advised in future.

Sr. No.	Independent Auditor's comments	Management's comment
	is in every two years. In our opinion, this periodicity of physical verification of fixed assets need to be strengthened. Since the management is reviewing the shortages identified by the agency, we are unable to comment on the discrepancies, which could have arisen on such verification. (c) The Company does not own any immovable properties and, hence, reporting under paragraph 3 (i)(c) of the order is not applicable to the Company.	This is a statement of fact.
	(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification needs to be further strengthened. The discrepancies noticed on verification between the physical stocks and the book records are appropriately accounted for except that inventories held by the Company on behalf of its Group Companies are under reconciliation and will be given effect to upon final reconciliation.	This is a statement of fact.
	(iii)According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Hence, reporting under paragraph 3 (iii) (a), (b) and (c) of the Order is not applicable to the Company.	This is a statement of fact.
	(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable (iv). In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Act are applicable. Hence, reporting under paragraph 3 (iv) of the Order is not applicable to the Company.	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and hence, reporting under paragraph 3 (v) of the Order is not applicable to the Company.	This is a statement of fact.
	(vi) The maintenance of cost records has been specified by the Central Government under Section 148 of the Act. We have broadly reviewed the records maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under sub-section (1) of Section 148 of the Act and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.	This is a statement of fact.
	(vii) (a) According to the information and explanations given to us, and the records of the company examined by us, in our opinion, the Company is generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, salestax, goods and service tax, cess and other material statutory dues applicable to it except that noncompliances have been noticed regarding payment of dues in respect of provident fund, employees' state insurance, Professional tax, income tax, Tax Deducted at Sources, goods and service tax. Further, balances of Goods and Service Tax and Tax Deducted at source are under reconciliation with the respective statutory returns. In the absence of adequate information, we are unable to opine on the same. According to information and explanations given to us, we have noticed following undisputed amounts payable (pending reconciliation)	The company has been by and large depositing the statutory dues in a timely manner except in some instances where there have been some non-compliances which have been quantified for which necessary action is being initiated to redress the issues which have been noticed during the period of audit and necessary steps are being taken to complete the same in an expeditious manner.

Sr. No.	Independent Auditor's comments	Management's comment
	were outstanding, at the year end, for a period of more than six months from the date they became payable. Name of the Statue Nature of dues Amount (Rs in million) Period to which the amount relates Employees Provident Fund Act, 1952 Provident Fund Rs 6.12 Million Status: Under Reconciliation Under Reconciliation Employees State Insurance, 1948 ESIC Dues Rs.7.86 miilion Status: Under Reconciliation Professional Tax Rs 8.87 Million Status: Under Reconciliation Income Tax Act, 1961 Tax Deducted at source Rs. 8.01 million Status: Under Reconciliation Goods and Service Tax TDS on GST (Section 51) Rs 1.69 Million Status: Under Reconciliation (b)According to the information and explanations given to us there are no dues of income tax, sales tax, goods and service tax, cess and other material statutory dues which have not been deposited with the appropriate authorities on account of any dispute except following:	This is a statement of fact.

<table>
<tr><th>Sr. No.</th><th>Independent Auditor's comments</th><th>Management's comment</th></tr>
<tr><td></td><td><table>
<tr><th>Name of the Statue</th><th>Nature of Dues</th><th>Amount (Rs in million)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td>Finance Act, 1994</td><td>Service Tax</td><td>1.10</td><td>April 2016 to June 2017</td><td>CESTAT</td></tr>
</table></td><td>This is a statement of fact.</td></tr>
<tr><td></td><td>(viii) Based on our examination of documents and records, the Company has not taken any loan from a financial institution, a bank, the government or issued debentures and, hence, reporting under paragraph 3 (viii) of the Order is not applicable</td><td>This is a statement of fact.</td></tr>
<tr><td></td><td>(ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans, hence, reporting under paragraph 3 (ix) of the Order is not applicable</td><td>This is a statement of fact.</td></tr>
<tr><td></td><td>(x) According to the information and explanations given to us, no fraud by the Company or no material fraud on the Company by its officers or employees has been noticed or reported during the year</td><td>This is a statement of fact.</td></tr>
<tr><td></td><td>(xi) In term of Notification no. G.S.R. 463(E) dt. 05-06-2015 issued by the Ministry of Corporate Affairs, the provisions of section 197 of the Act relating to managerial remuneration are not applicable to the Company, hence, reporting under paragraph 3 (xi) of the Order is not applicable</td><td>This is a statement of fact.</td></tr>
<tr><td></td><td>(xii) The Company is not a Nidhi Company and hence, reporting under paragraph 3 (xii) of the Order is not applicable.</td><td>This is a statement of fact.</td></tr>
</table>

Sr. No.	Independent Auditor's comments	Management's comment
	(xiii) According to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements, as required by the applicable accounting standards. (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under paragraph 3 (xiv) of the Order is not applicable to the Company	This is a statement of fact. This is a statement of fact.
	(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under paragraph 3 (xiv) of the Order is not applicable to the Company	This is a statement of fact.
	(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and hence, reporting under paragraph 3 (xvi) of the Order is not applicable to the Company.	This is a statement of fact.
	ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT	
	We have audited the internal financial controls over financial reporting of AIR INDIA AIR TRANSPORT SERVICES LTD. (hereinafter referred to as "the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.	This is a statement of fact.
	Management's Responsibility for Internal Financial Controls The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of	This is a statement of fact.

Sr. No.	Independent Auditor's comments	Management's comment
	Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.	
	Auditor's Responsibility Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under sub-section (10) of Section 143 of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.	

Sr. No.	Independent Auditor's comments	Management's comment
	Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.	This is a statement of fact.
	We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting.	
	Meaning of Internal Financial Controls Over Financial Reporting	
	A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company	

Sr. No.	Independent Auditor's comments	Management's comment
	are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.	This is a statement of fact.
	Inherent Limitations of Internal Financial Controls Over Financial Reporting:	
	Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	This is a statement of fact.
	Qualified Opinion	
	According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2019:	
	(a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:	The company is in continuous process of strengthening its internal control processes and the company is in process of defining internal financial control system.
	(i) Standard Operating Procedures for critical processes are not in place.	The brief process note has already been prepared for different departments based on the current working in the respective departments, which are reviewed periodically and being further strengthened from time to time.

Sr. No.	Independent Auditor's comments	Management's comment
	(ii) Authorisation controls such as maker/checker controls in accounting software is not functional.	The company has the authorisation control such as maker/checker defined in SAP, however, due to shortage of sufficient manpower and vast network of the company same could not be used effectively, which is being looked into and necessary action are taken from time to time.
	(iii) Absent or inadequate segregation of duties (including responsibility chart and job descriptions) within a significant accounting process.	Due to shortage of sufficient manpower in the Finance Department and vast network of the company, effective segregation of duties could not be achieved, which is being looked into and necessary action are taken from time to time.
	(iv) Inadequate design of information technology (IT) general and application controls that prevent the information system from providing complete and accurate information consistent with financial reporting objectives and current needs.	The company uses SAP system based on the SOP established for the group of companies, which is being followed strictly and the company is of the firm opinion that same are adequate and consistent with regard to financial reporting objectives and current needs.
	(v) Inadequate design of monitoring controls used to assess the design and operating effectiveness of the entity's internal control over time. The absence of an internal process to report deficiencies in internal control to management on a timely basis.	Reviewing the internal control process is a continuous process and necessary corrective actions are taken from time to time.
	(vi) Payroll is a significant process considering the size of Company's Operations. However, it has been observed that various processes such as attendance, leave records, details of new joinee's and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.	The company is looking into complete automation of payroll system including attendance monitoring system and other related activities.
	(b) Failure of controls designed to safeguard assets from loss, damage, or misappropriation. The Company did not have appropriate internal controls for reconciliation of physical inventory and fixed assets with the books of accounts.	The company has appointed an external agency for carrying out the physical verification of assets and necessary steps are being taken to match the same with books, and to review the internal control systems and to strengthen the same. The inventories which were transferred for the first time last year, have been verified internally and balance confirmed itemwise internally of the inventory of GSE items held, necessary steps are being taken in the matter.

Sr. No.	Independent Auditor's comments	Management's comment
	(c) Failure to perform reconciliations of significant accounts such as accounts receivable, accounts payable, statutory dues with returns and payroll balances are not reconciled in a timely or accurate manner.	The company had appointed an external agency for carrying out the reconciliation for the accounts payable and receivable which was a review of 4 years upto 31st March 2018, the draft report had been shared however there are a few more areas which needed to be attended to and which we are in discussion for completion of the work. Due to shortage of manpower this work could not be completed and we are expecting to complete the same and take necessary actions as may be required.
	(d) Following are indicator of a control deficiency and a strong indicator of a material weakness in internal control:	
	(i) Restatement of previously issued financial statements to reflect the correction of a material misstatement. This indicates that cut-off procedures while closing is not working efficiently.	The point has been noted and necessary further action in the matter will be taken. The situation is on account of shortage of trained manpower in the finance department to manage a company of this size and also due to loss of trained personnel during the year.
	(ii) Identification by the auditor of a material misstatement in the financial statements for the period under audit that was not initially identified by the entity's internal control.	The Company has identified the errors and taken the necessary steps to rectify the same. As the internal audit is conducted by an external firm and the scope of checking was limited, steps will be taken to enhance the scope and appoint an audit firm to carry out continuous audit so that the yearend rectification scenarios are avoided.
	(iii) The scope of internal audit is limited and does not cover various essential processes such as payroll, fixed assets, inventories. An ineffective internal audit function requires important accounting functions to be covered and monitored at reasonable intervals	The point made has been noted and we will be reviewing and enhancing the scope the scope of the audit so that continuous audit is taken up and quarterly reports are submitted.
	(iv) Non-compliances in complying with the laws and regulations by the entity has been observed. This indicates an effective regulatory compliance function.	The Company always strives to comply with the various acts and statutes which govern it from time to time to ensure that it meets the regulatory compliances.

Sr. No.	Independent Auditor's comments	Management's comment
	A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. In our opinion, because of the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note. We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 financial statements of the Company, and these material weaknesses have affected our opinion on the financial statements of the Company and we have issued a qualified opinion on financial statements.	The Company has noted the observation and effective steps are being taken to strengthen the internal working and to this end we are proposing the carry out the following: 1. Delinking of the payroll processing which was handled by Finance department in June 2019 and the same has been moved to Personnel department as a first step. 2. Steps are being taken to induct qualified and trained manpower in the company. 3. A refresher program in SAP is being proposed for the finance manpower. 4. Revising the scope of work to be carried out by the internal audit firm so that timely reports are submitted to the management. 5. The external agency will be appointed to streamline the various statutory compliances and timely completion is ensured are being taken up, 6. The assistance of an external agency will be taken to ensure the reconciliation of the same are carried out and completed in a timely manner.

BALANCE SHEET AS AT MARCH 31, 2019

₹ in Millions

	Particulars	Note No.	As at March 31, 2019	As at March 31, 2018 (Restated)*
I	**ASSETS**			
1	**Non-current assets**			
(i)	Property, plant & equipment	**2**	**2,541.67**	2,665.26
(ii)	Income tax assets (net)	**3**	**150.75**	385.85
(iii)	Deferred tax assets (net)	**4**	**1,077.66**	5.78
(iv)	Other non-current assets	**5**	**0.15**	-
	Total non-current assets		**3,770.24**	3,056.89
2	**Current assets**			
(i)	Inventories	**6**	**89.81**	124.93
(ii)	Financial assets			
	a) Trade receivables (net)	**7**	**4,008.71**	3,221.44
	b) Cash and cash equivalents	**8**	**139.37**	228.25
	c) Bank balances other than (b) above	**9**	**0.17**	0.16
	d) Other financial assets	**10**	**118.02**	44.33
(iii)	Other current assets	**5**	**111.87**	209.31
	Total current assets		**4,467.97**	3,828.43
	Total Assets		**8,238.20**	**6,885.31**
II	**EQUITY AND LIABILITIES**			
1	**Equity**			
	a) Equity share capital	**11**	**1,384.24**	1,384.24
	b) Other equity	**12**	**2,105.13**	494.05
	Total equity		**3,489.37**	1,878.29
2	**Liabilities**			
(i)	**Non-current liabilities**			
	a) Financial liabilities			
	i) Other financial liabilities	**13**	**10.42**	-
	b) Provisions	**14**	**2,480.13**	2,581.27
	Total non-current liabilities		**2,490.55**	2,581.27
(ii)	**Current liabilities**			
	a) Financial liabilities			
	i) Trade payables (net)	**15**		
	(b) Total outstanding, dues of creditors other than micro and small enterprises “		**-**	-
			434.85	401.69
	ii) Other financial liabilities	**13**	**1,148.30**	1,248.80
	b) Provisions	**14**	**296.82**	361.79
	c) Other current liabilities	**16**	**378.30**	413.46
	Total current liabilities		**2,258.28**	2,425.74
	Total liabilities		**4,748.83**	5,007.02
	Total equity & liabilities		**8,238.20**	**6,885.31**

See accompanying notes to the financials statements
*Refer note 24 for details regarding the restatement as a result of errors/omissions

As per our report of even date

For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W
Sd/-
Vipul K. Choksi
Partner
M.No. 37606
UDIN: 19037606AAAABU1459

Place: Mumbai
Date: September 06, 2019

For and on behalf of the Board of Directors

Sd/-
Ashwani Lohani
Chairman
DIN 01023747

Sd/-
Vinod Hejmadi
Director
DIN 07346490

Sd/-
J.V. Ravi Kumar
Chief Financial Officer

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

Sd/-
Vandana Batra
Company Secretary

Place: Delhi
Date: September 06, 2019

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2019

₹ in Millions

	Particulars	Note No.	For the year ended March 31, 2019	For the year ended March 31, 2018 (Restated)*
I	Revenue from operations	17	**6,629.13**	6,426.09
II	Other income	18	**442.51**	**266.58**
III	Total income (I + II)		**7,071.64**	6,692.67
IV	Expenses:			
	Employee benefits expense	19	**4,164.88**	4,708.50
	Depreciation expense	2	**305.81**	248.75
	Other expenses	20	**1,326.77**	685.92
	Total expenses		**5,797.46**	**5,643.17**
V	Profit before tax (III-IV)		**1,274.18**	1,049.50
VI	Tax expense	34		
	1. Current tax		**(600.00)**	(491.50)
	2. Short provision of tax of earlier years (net)		**(186.62)**	-
	3. Deferred tax (liability) / asset		**150.55**	(19.51)
VII	Profit for the year (V-VI)		**638.11**	**538.49**
VIII	Other comprehensive income / (loss)			
(i)	Items that will not be reclassified to profit or loss			
	- Re-measurement gain / (loss) of defined benefit plans		**51.64**	(86.50)
(ii)	Income tax relating to items that will not be reclassified to profit or loss		**(18.04)**	-
	Total other comprehensive income (i + ii)		**33.60**	**(86.50)**
IX	Total comprehensive income (VII + VIII)		**671.71**	**451.99**
X	Earning per equity share of ₹10 each	33		
	Basic (₹)		**4.61**	**3.89**
	Diluted (₹)		**4.61**	**3.89**

See accompanying notes to the financials statements

*Refer note 24 for details regarding the restatement as a result of errors/omissions

As per our report of even date

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Capt. A.K. Sharma
Chief Executive Officer

Sd/-
Vandana Batra
Company Secretary

Place: Delhi
Date: September 06, 2019

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2019

A. Equity share capital

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Balance at the beginning of the year	**1,384.24**	1,384.24
Changes in equity share capital during the year	**-**	-
Balance at the end of the year	**1,384.24**	1,384.24

B. Other Equity

₹ in Millions

Particulars	Reserves and surplus	Other comprehensive income	Total equity attributable to equity Holders of the company
	Retained earnings	Re-measurement of defined benefits plan	
Opening Balance as at April 1, 2017	42.06	-	42.06
Profit for the year as previously reported	710.48	-	710.48
Correction of errors/omissions (refer note 24)	(171.99)	(5.05)	(177.04)
Other comprehensive income / (loss)	-	(81.45)	(81.45)
Balance as at March 31, 2018 (Restated)	580.55	(86.50)	494.05
Effect of deferred tax asset of earlier years (refer note 34)	939.37		939.37
Profit for the year	638.11	-	638.11
Other comprehensive income	-	33.60	33.60
Balance as at March 31, 2019	2,158.03	(52.90)	2,105.13

See accompanying notes to the financials statements

As per our report of even date

For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W
Sd/-
Vipul K. Choksi
Partner
M.No. 37606
UDIN: 19037606AAAABU1459

Place: Mumbai
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Chief Financial Officer

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

Sd/-
Vandana Batra
Company Secretary

Place: Delhi
Date: September 06, 2019

STATEMENT OF CASH FLOW FOR THE YEAR ENDED MARCH 31, 2019

₹ in Millions

	Particulars	For the year ended March 31, 2019		For the year ended March 31, 2018	
A	**Cash flow from operating activities**				
	Profit before tax		**1,274.20**		1,049.50
	Adjustments for:				
	Depreciation expense	**305.81**		248.75	
	Interest on overdue payments	**(148.19)**		(76.61)	
	Interest on fixed deposit	**(0.91)**		(2.04)	
	(Profit) / Loss on sale of property, plant & equipment	**6.98**		(7.34)	
	Expected credit loss allowance	**436.26**		-	
	Reversal of duty credit entitlement under SFIS	**96.98**			
	Unrealised exchange gain/loss	**134.29**	**831.22**	18.50	181.27
	Operating profit before working capital changes		**2,105.42**		**1,230.76**
	Adjustments for:				
	Decrease in Inventories	**35.12**		674.70	
	(Increase) in trade receivables	**(1,229.92)**		(136.71)	
	(Increase)/Decrease in other current and non current assets	**23.58**		(9.55)	
	(Decrease) in short term and long term provision	**(45.34)**		(86.50)	
	Increase / (decrease) in trade payable	**33.16**		(86.40)	
	Increase / (Decrease) in other current and non-current liabilities	**(291.36)**		(135.36)	
			(1,474.76)		220.17
	Cash flow from operations		**630.66**		**1,450.93**
	Income taxes paid		**(551.53)**		(254.30)
			-		-
	Net cash generated from operating activities (A)		**79.13**		**1,196.63**
B	**Cash flow from investing activities**				
	Purchase of property, plant & equipment		**(189.20)**		(1,153.08)
	Interest on fixed deposit		**0.91**		2.04
	Proceeds from sale of property, plant & equipment		**20.29**		8.92
	Net cash used in investing activities (B)		**(168.00)**		**(1,142.13)**
C	**Cash flow from financing activities**				
			-		-
	Net cash generated/(used) in financing activities (C)		**-**		-
	Net (decrease)/increase in cash and cash equivalents (A+B+C)		**(88.86)**		**54.50**
	Cash and cash equivalents - opening balances		**228.24**		173.74
	Cash and cash equivalents - closing balances		**139.38**		**228.25**
	Component of Cash and Cash Equivalents				
	Cash on hand		**0.07**	-	0.07
	Balance in Current Account		**139.31**	-	228.18
			139.38		**228.24**

Note : The cash flow statement is prepared using the “”indirect method”” set out in IND AS 7 - Statement of Cash Flows
See accompanying notes to the financials statements

As per our report of even date

For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W
Sd/-
Vipul K. Choksi
Partner
M.No. 37606
UDIN: 19037606AAAABU1459

Place: Mumbai
Date: September 06, 2019

For and on behalf of the Board of Directors

Sd/-
Ashwani Lohani
Chairman
DIN 01023747

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Vinod Hejmadi
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DIN 07346490

Sd/-
J.V. Ravi Kumar
Chief Financial Officer

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

Sd/-
Vandana Batra
Company Secretary

Place: Delhi
Date: September 06, 2019

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2019

Note 1

A. Corporate Information:

Air India Air Transport Services Limited (a wholly owned subsidiary of Air India Limited a Government of India Company) is a company incorporated in India under the provisions of the Companies Act applicable in India. The Company is a subsidiary of Air India Limited. The company mainly provides services of Ground Handling at Indian Airports to Airlines Operators. The registered office of the company is situated at: Airlines House,133 Gurudwara Rakabganj Road, New Delhi-110001.

B. Basis of preparation of Financial Statements:

The Company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as “Financial Statements”).

These financial statements are approved for issue by the Board of Directors on September 06, 2019.

i) Basis of preparation and presentation:

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments measured at fair values at the end of each reporting year, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

ii) **Functional Currency:**

Currency of the primary economic environment in which the Company operates ("the Functional Currency") is Indian Rupee (Re.) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (Re.) The Financial Statements are presented in Indian Rupee (INR) which is Company's Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to one decimal), unless otherwise stated.

iii) **Current and non-current classification:**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in the Company's normal operating cycle. it is held primarily for the purpose of providing services;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of providing services;
- it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as "The Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

C. Significant Accounting Policies:

i) Property, Plant & Equipments (PPE):

a) The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

Property, plant and equipment except freehold land held for use in the providing services, supply or administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc. PPE of small value not exceeding INR 5,000, in each case, are fully provided for in the year of Purchase.

b) Physical Verification of PPE 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.

c) Impairment of Property, plant and equipment
At the end of each reporting year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

D. Inventories

Inventories consist of various stores and spares which are valued at lower of cost and Net Realizable Value ('NRV'). Costs of inventories are determined on weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

E. Revenue Recognition

Ind AS 115 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard introduced a five-step approach to revenue recognition

- Identifying the contract;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating that transaction price to the performance obligations; and
- Finally recognizing the revenue as those performance obligations are satisfied.

On transition to Ind AS 115 the company has adopted the modified retrospective approach, and therefore has not restated the prior year comparative within this year's financial statements. On transition to Ind AS 115 an impact assessment was performed.

Rendering of Services

The Company recognizes revenue when control over the promised services is rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue generally at the point in time when the services are rendered to customer

a) Ground Handling 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.

In revenue arrangements with multiple performance obligations, the Company accounts for individual services separately if they are distinct – i.e. if a service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate services in the arrangement based on their stand- alone selling prices.

Contract balances

i) **Contract Assets**

A contract asset is the right to consideration in exchange for services rendered to the customer. If the Company performs by rendering of services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration including Trade receivables.

ii) **Contract Liabilities**

A contract liability is the obligation to render services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Company performs under the contract including Advance received from Customer.

iii) **Refund Liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities at the end of each reporting period.

F. Foreign currency transactions

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the following rates

a) Interline settlement on account of IATA Clearing House (ICH) bills settlement is carried out at the exchange rate published by International Air Transport Association (IATA) for respective month.

b) At the end of each reporting year, monetary items denominated in foreign currencies are retranslated at exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI) and the gains / losses arising out of fluctuations in exchange rates are recognized in the statement of Profit and Loss.

c) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

G. Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Company as a lessee

Lease payments under an operating lease shall be recognised as an expense on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the year in which they are incurred.

H. Government Grant

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the years in which the Company recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are met.

Government Grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

I. Employee Benefits:

Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. The retirement benefits to the employees comprise of defined contribution plans and defined benefit plans.

a) **Defined contribution plans**

Defined contribution plan consists of contribution to Employees Provident Fund. The Parent Company has separate trust(s) to administer Provident Fund contributions to which contributions are made regularly. As regards Fixed Term Contract (FTC) employees, Provident Fund (PF) dues are deposited with the office of Employees' Provident Fund Organization (EPFO) by the Company. Employees' State Insurance Corporation (ESIC) dues are regularly deposited with government authorities. The company's payment to defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

b) **Defined benefit plans**

The Company's defined benefit plans, which are not funded, consist of Gratuity, Post-Retirement Medical Benefits and other benefits. For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in "Other Equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost

Other Long-Term Employee Benefits

In the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefits to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the Projected Unit Credit Method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

Short Term Benefits

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

Short-term and other long-term employee benefit

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

J. Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

Current tax is the amount of expected tax payable based on the taxable profit for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961

Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as a deferred tax asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognized as an asset in the Balance Sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

K. Provisions, Contingent Liabilities / Capital Commitments & Contingent Assets

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss

b) The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

c) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

d) Contingent liabilities are disclosed by way of a note 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.

e) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

Onerous contracts

f) An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

L. Cash & Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of the Statement of cash flows, cash and cash equivalent consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

M. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

N. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in Statement of Profit and Loss.

i) Financial Assets

a) Classification of Financial Assets

On initial recognition, a financial asset is measured at amortized cost, fair value through other comprehensive income (FVTOCI) or FVTPL on the basis of the objective of its business model, applied for managing the financial assets and characteristics of the contractual cash flows.

b) Recognition and initial measurement

A financial asset is initially recognized at fair value and, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. In case financial assets are not recorded at fair value through Statement of Profit and Loss, transaction costs are attributed to the acquisition of the financial asset.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

c) Subsequent measurement

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL are measured at fair value at the end of each reporting year, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

d) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

e) Impairment of other financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous year, but determines at the end of a reporting year that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous year, the Company again measures the loss allowance based on 12-month expected credit losses.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

f) Effective interest method

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in statement of profit or loss and is included in the 'Other income' line item.

g) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(ii) Financial Liabilities

a) Classification

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

b) Initial recognition and measurement

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables

c) **Subsequent measurement**

Other financial liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

d) **De-recognition**

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

e) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously

O. Threshold limits:

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

P. Key sources of estimation uncertainty

1. Useful lives of property, plant and equipment

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. This reassessment may result in change in depreciation and amortization expected in future periods.

2. Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. The cases which have been determined as remote by the Company are not disclosed.

Contingent assets are neither recognized nor disclosed in the financial statements unless when an inflow of economic benefits is probable.

AIR INDIA AIR TRANSPORT SERVICES LIMITED

NOTES TO FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2019

Note 2 : Property, Plant and Equipment

₹ in Millions

Particular	Office equipment	Ramp equipments	Furniture & fixtures	Electrical fittings	Computers	Workshop equipment & instruments	Plant & machinery	Vehicles	Total
Cost/deemed Cost									
At March 31, 2017	**1.11**	**1,911.66**	**0.79**	**8.09**	**5.94**	**1.48**	**0.07**	**25.41**	**1,954.55**
Additions	0.59	1,151.20	0.36	-	0.35	0.58	-	-	1,153.08
Disposals/Adjustments	-	(31.30)	-	-	-	-	-	-	(31.30)
At March 31, 2018	**1.70**	**3,031.56**	**1.15**	**8.09**	**6.29**	**2.06**	**0.07**	**25.41**	**3,076.33**
Additions	-	188.68	-	0.15	0.37	-	-	-	189.20
Disposals/Adjustments	-	(39.19)	-	-	-	-	-	-	(39.19)
At March 31, 2019	**1.70**	**3,181.05**	**1.15**	**8.24**	**6.66**	**2.06**	**0.07**	**25.41**	**3,226.33**
Accumulated Depreciation									
At March 31, 2017	**0.20**	**188.66**	**0.07**	**0.83**	**1.65**	**0.10**	**0.06**	**0.44**	**192.03**
Depreciation	0.31	242.34	0.08	0.83	1.99	0.18	0.00	3.02	248.75
Deductions	-	(29.72)	-	-	-	-	-	-	(29.72)
At March 31, 2018	**0.51**	**401.28**	**0.15**	**1.66**	**3.64**	**0.28**	**0.06**	**3.46**	**411.04**
Depreciation	0.46	299.17	0.10	0.84	2.03	0.19	-0.00	3.02	305.81
Deductions	-	(32.21)	-	-	-	-	-	-	(32.21)
At March 31, 2019	**0.98**	**668.24**	**0.25**	**2.50**	**5.67**	**0.47**	**0.06**	**6.48**	**684.64**
Net book value									
As at 31st March 2019	**0.73**	**2,512.80**	**0.90**	**5.74**	**0.99**	**1.59**	**0.01**	**18.92**	**2,541.67**
As at 31st March 2018	1.18	2,630.28	0.99	6.42	2.65	1.78	0.01	21.95	2,665.26

Note 3 : Income tax assets (net) ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Advance tax and tax deducted at source (net of provision for tax)	**150.75**	385.85
Total	**150.75**	**385.85**

Refer note 26

Note 4 : Deferred tax assets (net) ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities	(124.75)	(97.52)
Deferred tax assets	1202.41	103.3
Total	**1,077.66**	**5.78**

Refer note 34

Note 5 : Other assets ₹ in Millions

Particulars	As at March 31, 2019		As at March 31, 2018 (Restated)	
	Non - Current	Current	Non - Current	Current
Advance to vendor (refer note 26)	**-**	**23.48**	-	14.39
Security deposit with government authorities	**0.15**	**-**	-	
Duty credit entitlement under SFIS (refer note 31)	**-**	**88.39**	-	194.93
Total	**0.15**	**111.87**	**-**	**209.31**

Note 6: Inventories ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018 (Restated)
Stores and spares	**89.81**	124.93

Refer note 28

Note 7: Trade receivables (net)* ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018 (Restated)
Trade Receivables considered good - secured		
Trade Receivables considered good - unsecured	**1,599.77**	1,686.97
Trade Receivables having significant increase in credit risk	**436.26**	-
Trade Receivables - credit impaired	**-**	-
	2,036.04	1,686.97
Less : Allowance for doubtful debts (refer note 42(i))	**(436.26)**	-
	1,599.77	1,686.97
Dues from group companies	**2,408.94**	1,534.47
Total	**4,008.71**	**3,221.44**

*refer note 26

Note 8: Cash and cash equivalents ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Cash on hand	**0.07**	0.07
Balance with banks		
- in the current accounts	**139.31**	228.18
Total	**139.37**	**228.25**

Note 9: Bank balance other than cash and cash equivalents ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Earmarked balances		
- in fixed deposit	**0.17**	0.16
Total	**0.17**	**0.16**

Earmarked balance relates to fixed deposit with deputy commissioner of sales tax.

Note 10: Other Current financial assets ₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good		
Recoverable from staff (refer note 26)	**99.70**	16.84
Other recoverables	**18.33**	27.49
Total	**118.02**	**44.33**

Note 11: Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares (In Millions)	Amount (₹ in Millions)	Number of Shares (In Millions)	Amount (₹ in Millions)
Authorised Capital				
Equity Shares of par value ₹ 10 each	**1,000.00**	**10,000.00**	1,000.00	10,000.00
Issued and subscribed				
Fully paid equity share of par value ₹ 10 each	**138.42**	**1,384.24**	138.42	1,384.24
	138.42	**1,384.24**	**138.42**	**1,384.24**

a. Shareholders holding more than 5% share in the company are set out below

Name of the shareholder	As at March 31, 2019		As at March 31, 2018	
	Number of shares held	% of shares	Number of shares held	% of shares
Air India Limited - Holding Company	**138.42**	**100**	138.42	100

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

b. Reconciliation of the equity shares outstanding at the beginning and at the end of the year

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount (₹ in Millions)	Number of Shares	Amount (₹ in Millions)
At the beginning of the year	**138.42**	**1,384.24**	138.42	1,384.24
Issued during the year	**-**	**-**	-	-
Outstanding at the end of the year	**138.42**	**1,384.24**	138.42	1,384.24

C. **Terms & rights attached to equity shares**

(i) The Company has issued only one class of shares referred to as equity shares having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

(ii) 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.

Note 12: Other equity

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Retained earnings	**2158.03**	580.55
Other comprehensive income		
Re-measurement of defined benefits plan	**(52.90)**	(86.50)
Total	**2105.13**	**494.05**

Retained Earnings:

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

Note 13: Other financial liabilities

₹ in Millions

Particulars	As at March 31, 2019		As at March 31, 2018 (Restated)	
	Non - Current	Current	Non - Current	Current
Security deposits from customers	**9.42**	**-**	-	-
Payable to employees (refer note 26)	**1.00**	**74.63**	-	219.40
Others	**-**	**1,073.67**	-	1,029.40
Total	**10.42**	**1,148.30**	**-**	**1,248.80**

Note 14: Provisions

₹ in Millions

Particulars	As at March 31, 2019		As at March 31, 2018	
	Non - Current	Current	Non - Current	Current
Provision for employee benefits				
Provision for compensated absence	**351.34**	**85.75**	371.41	103.96
Provision for gratuity	**812.63**	**153.59**	916.96	207.23
Provision for medical retirement benefit	**1,316.16**	**57.48**	1,292.90	50.60
Total	**2,480.13**	**296.82**	**2,581.27**	**361.79**

Refer note 32

Note 15 : Trade payables (net)*

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018 (Restated)
Trade payables		
- Total outstanding, dues of micro and small enterprises (refer note 35)	**-**	-
- Total outstanding, dues of creditors other than micro and small enterprises	**434.85**	401.69
Total	**434.85**	**401.69**

Payable are normally settled within 30-60 days
*Refer note 26

Note 16 : Other current liabilities

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018 (Restated)
Statutory liabilities (refer note 26)	**335.84**	371.37
Deposits from vendors	**42.31**	42.09
Other liabilities	**0.15**	-
Total	**378.30**	**413.44**

Note 17 : Revenue from operations

₹ in Millions

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (Restated)
A	Revenue from ground handling service		
	Revenue from group companies	**3,791.74**	3,714.65
	Revenue from third party handling	**2,003.84**	2,268.52
	Revenue from government parties	**41.18**	23.67
	Revenue from casual handling	**235.76**	199.00
		6,072.52	6,205.84
	Less: Revenue sharing with the holding company	**(406.78)**	(750.00)
	Total (A)	**5,665.74**	5,455.84
B	Revenue from cargo handling		
	- Revenue from agricultural and processed food products export development authority (APEDA)	**147.92**	194.52
	- Others	**551.99**	738.43
	Total (B)	**699.91**	932.95
C	Loaning of ground handling equipment	**263.48**	37.30
	Total (C)	**263.48**	37.30
	Total (A+ B +C)	**6,629.13**	**6,426.09**

Note 18 : Other income

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (Restated)
Recruitment application money	**5.63**	0.87
Interest on overdue payments	**148.19**	76.61
Interest on fixed deposit	**0.91**	2.04
Net gain on foreign currency transactions and translations	**149.65**	35.39
Profit on sale of property, plant & equipment	**-**	7.34
Other miscellaneous income	**138.13**	144.33
Total	**442.51**	**266.58**

Note 19 : Employee Benefits Expense

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (Restated)
Salaries, wages and bonus	**3,620.45**	3,955.65
Contribution to provident and other funds (refer note 32)	**399.68**	371.62
Gratuity (refer note 32)	**(22.73)**	124.67
Compensated absence (refer note 32)	**39.17**	85.58
Medical benefit expense (refer note 32)	**118.95**	114.48
Staff welfare expenses	**9.34**	56.50
Total	**4,164.88**	**4,708.50**

Note 20 : Other expenses

₹ in Millions

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018 (Re-stated)
Handling Charges	**194.71**	106.48
Recruitment expense	**1.51**	0.08
Insurance expense	**43.06**	37.05
Telephone charges	**0.94**	1.23
Repairs & maintenance	**50.73**	62.52
Electricity, heating & fuel	**232.96**	132.81
Water charges	**7.42**	8.34
Consumption of stores and spares	**69.40**	145.51
Hire of transport & equipments	**20.66**	16.43
Loss on sale of property, plant and equipment	**6.99**	-
Printing & stationary expense	**2.81**	1.96
Reversal of duty credit entitlement under SFIS (refer note 31)	**96.98**	31.24
Expected credit loss allowance (refer note 42(i))	**436.26**	-
Rent expense	**45.95**	69.94
Rates and taxes	**7.91**	12.17
Travelling and conveyance	**32.75**	27.87
Legal and professional fees	**20.86**	2.50
Fees to Directorate General of Civil Aviation	**0.59**	0.19
Bank charges	**0.72**	2.27
Passenger baggage claims	**0.55**	0.59
Clearing and forwarding charges	**7.40**	3.75
Interest expense on statutory liabilities	**0.06**	3.18
Corporate social responsibility	**19.24**	4.96
Remuneration To statutory auditor		
- Audit fees	**0.56**	0.56
- Out of pocket expenses	**0.06**	0.09
Miscellaneous expenses	**25.68**	14.20
Total	**1,326.77**	**685.92**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED MARCH 31, 2019

Note : 21 Disinvestment Process:

(i) In view of the NITI Aayog recommendations on the disinvestment of Air India (AI) and followed by the recommendations of the Core Group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-Principle' approval for considering the strategic disinvestment of the Air India group in its meeting held on June 28, 2017. CCEA also constituted the **Air India Specific Alternative Mechanism** (AISAM) to guide the process of strategic disinvestment.

The Transaction Advisor, Legal Advisor and Asset Valuer have also been appointed to guide the Government and to carry forward the process of Disinvestment.

(ii) The AISAM in its meetings held on September 21, 2017 and October 05, 2017 decided that :

a) The following Four Subsidiaries of Air India be demerged and parked in the newly created Special Purpose Vehicle (SPV):

i) Air India Air Transport Services Limited (AIATSL)

ii) Airline Allied Services Limited, (AASL)

iii) Air India Engineering Services Limited (AIESL),

iv) Hotel Corporation of India (HCI)

b) A Special Purpose Vehicle (SPV) be created for warehousing accumulated working capital loan not backed by any asset along with four subsidiaries AIATSL, AASL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. This entity be named "**Air India Assets Holding Limited**".

(iii) Pursuant to the above decision of the AISAM, the SPV **Air India Assets Holding Limited** (AIAHL) was formed.

(iv) The Ministry of Civil Aviation vide their Letter No. AV.17046/368/2017- AI dated November 03, 2017 directed Air India to demerge the above mentioned four subsidiaries to park it in the SPV. It further directed to transfer the investment in the shares of the subsidiary companies namely AIATSL, AASL, AIESL and HCI from Air India to the SPV company at book values (at value shown in the Balance Sheet as at March 31, 2017 with any addition to "Equity" thereto during the year)

(v) The Board of Air India in its 82nd Board meeting held on November 17, 2017 had given in-principle approval for transferring the interest of Air India in the subsidiary companies viz. AIATSL, AIESL, AASL and HCI to the SPV after following the necessary procedures under the Companies Act, 2013 and other legal formalities as may be recommended by the legal advisor.

To separately decide the contours of the mode of disposal of the subsidiaries viz. Air India Engineering Services Ltd (AIESL), Air India Transport Services Ltd (AIATSL) and Airline Allied Services Ltd (AASL), Sale/Disinvestment of AIATSL within the Financial Year 2018-19.

In line with the above directives issued by the Ministry of Finance, Government of India dated September 07, 2018, the Board of Directors of the company, in the Board meeting held on October 16, 2018 decided to transfer 100% shareholding of its Subsidiary AIATSL to Air India Asset Holding Ltd (AIAHL, the SPV), subject to necessary approvals and authorized the Company to initiate the talks with AIATSL/AIAHL to finalize the detailed terms and conditions of the transfer. The Board approved the above transfer at a minimum price corresponding to the Net worth of AIATSL as on March 31, 2018. It also decided that in the event AIAHL is subsequently able to sell AIATSL to a third party at a higher price, then such additional amount shall also be payable by AIAHL to AI as part of the consideration for the purchase of AIATSL. The process of legal transfer of shareholding of AIATSL to AIAHL is still under process and likely to be completed shortly.

Further, in this regard the Preliminary Information Memorandum(PIM) for the invitation of bids for Expression of Interest (EOI) for the disinvestment of AIATSL has already been issued the details of which are given hereunder:

- PIM released on February 12, 2019 “Deadline for submission of EOI – May 16, 2019” which had been extended till August 16, 2019.
- Last date of Intimation to the Qualified Interested Bidders (QIB) had also been extended to September 16, 2019.

The Global invitation for EOI for proposed strategic Sale and Transfer of management control of Air India Air Transport Services Limited by Air India Assets Holding Limited is hosted on the AIATSL website aiatsl.com/Tenders.

Note 22: Contingent Liabilities:

A. Disputed Claims / Levies (Including Interest, if any):

Claims against company not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

in Millions

Sr no	Description	Balance as on March 31, 2019	Balance as on March 31, 2018
(i)	Income Tax Demand Notices received by the Company which are under Appeal (*)	**23.29**	23.29
(ii)	Claims of Airport Operators/Others (**)	**30.57**	30.57
(iii)	Service Tax demanded by the Tax Authorities (***)	**1.10**	1.10
(iv)	Other Claims on account of Staff/Civil/Arbitration Cases pending in Courts	**4.10**	6.90
	Total	**35.77**	**38.57**

Explanatory Statement in respect of Other Contingent Liabilities

1. **Income Tax Demand Notices received by the Company which are under Appeal (*)**

   a. **Gratuity disallowance:** The learned Dy. Commissioner of Income Tax (DCIT) erred in disregarding the Revised Return of Income filed by the appellant for A.Y. 2013-14 on 07-01-2015 and further erred in disallowing u/s. 40A(7) of ` 16.67 Million instead of correct amount determined as disallowable u/s.40A(7) of ₹ 2.60 million in accordance with Tax Audit Report and Revised Return filed on 07-01-2015.

   b. **Employees contribution to provident fund:** The learned D.C.I.T. erred in making addition of ₹ 9.06 million to total Income of the appellant in respect of Employees Contribution towards P.F. u/s.36(i)(va) r.w.s. 2(24) (x) of the I.T. Act,1961 pertaining to A.Y. 2013-14.

2. **Claims of Airport Operators includes** (**)

   (i) Qatar Airways had raised a demand of ₹ 14.2 Million against the damage to their aircraft without having any supporting evidence regarding the evidence of the damage/claim. However, company has forwarded the claim to Insurers who have forwarded the same to the Reinsurer for settlement of the claim. The reinsurer has requested for forwarding the supporting in respect of the claim made. The matter is still pending with Qatar Airways to provide the evidence/supporting of claim or damage. Hence the said claim has been shown as Contingent Liability.

   (ii) M/s. Accelya Kale had raised bills for amounting to ₹ 6.47 Million claiming uses of their Software by the Company to carry out the International Air Transport Association (IATA) billing in respect of the third-party Airlines handled by the company. In absence of any formal contract for the same, provision against the same has not been made and the same has been shown as contingent liability.

   (iii) Neha Aviation Management Pvt. Ltd. had raised a demand of ₹ 9.9 Million (including penal interest and GST thereon) for providing baggage, cargo handling, miscellaneous services at Jaipur Airport. The Company has reviewed all their outstanding bills and found that the bills raised by the vendor was not correct and even for a single service, billing for double services has been made. Hence the claim has not been acknowledged as debt and has been shown as contingent liability.

3. **Service Tax demanded by the Tax Authorities (***):** Service Tax Matter: SCN-Cum-Demand Notice CGST/ME/Dn.III/R-I/1/2019-20 has been received for Service Tax on: (a) "Notice Period Salary" for ₹ 1.10 Million (Period April 2016- June 2017), (b) "Application Fees/ Money" received, plus interest and penalty applicable thereof on both (a) and (b), if any. Further as per O/A-NVK/174/RGD/2018 dated August 08, 2018, it was held that application fee is not liable to service tax. Thus, demand of Service Tax only on "Notice Period Pay" per above would be payable if no settlement accepted by the Superintendent. CGST & C Ex.

Note 23 : Capital & Other Long-Term Commitments:

Capital Contract Commitments & Long term Commitments is Nil (Previous Year Nil) .

Note 24 : Correction of Prior Period Errors in Accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors"

During the year, the company undertook a detailed review of Opening Balances and discovered that the below mentioned Line items of financial statement had been incorrectly accounted/ disclosed in the Prior Year.

These errors have now been corrected by restating each of the affected financial statement line items for the prior year as follows:

₹ in Millions

Balance Sheet (Extract)	As at March 31, 2018 (as previously reported)	Increase / (Decrease)	As at March 31, 2018 (Restated)
Other Current Asset (Refer Note 5)	80.63	31.24	111.87
Trade Receivables (Refer Note7)	3,294.24	(72.80)	3,221.44
Inventories (Refer Note 6)	113.11	11.82	124.93
Trade Payable (Refer Note 15)	399.96	1.73	401.69
Other Current Financial Liabilities (Refer Note 13)	1,109.13	139.68	1,248.81
Other Current Liabilities (Refer Note 16)	348.09	65.37	413.46
Net Assets	**2,055.34**	**(177.05)**	**1,878.29**
Retained Earnings (refer note 12)	671.09	**(177.05)**	494.05
Total Equity	**2,055.34**	**(177.05)**	**1,878.29**

₹ in Millions

Statement of Profit and loss (Extract)	As at March 31, 2018 (as previously reported)	Increase / (Decrease)	As at March 31, 2018 (Restated)
Revenue from Operations (Refer Note 17)	6,455.73	(29.64)	6,426.09
Other Income (Net) (Refer Note 18)	219.07	47.51	266.58
Total Revenue	**6,674.80**	**17.87**	**6,692.67**
Expenses			
Employee Benefit Expenses (Refer Note 19)	4,843.13	134.63	4,708.50
Other Expenses (Refer Note 20)	741.15	55.23	685.92
Total Expenses	**5,833.03**	**189.86**	**5,643.17**
Profit Before Tax	**1,221.49**	**(171.99)**	**1,049.50**
Profit for the year	**710.48**	**(171.99)**	**538.49**
Other Comprehensive Income			
Re-measurement of the defined benefits plan	81.45	(5.05)	86.50
Total Comprehensive Income for the year	**629.04**	**(177.05)**	**451.99**

Basic Earnings per share for the year have also been restated. The Amount of the correction for the basic earnings per share was reduction of ₹ 1.24 per share.

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

Note 25 : Disclosure with regard to Joint Working Group

HAL Bangalore airport belongs to Hindustan Aeronautics Limited (HAL) and Ground Handling Services were provided by HAL. However, Company entered into an arrangement vide agreement dated April 29, 2016 with HAL to provide the expertise of the Company for Ground Handling Services at HAL Bangalore Airport. In terms of such arrangement, the Company will use all infrastructure of HAL to provide the Ground Handling Services at that airport and in terms of the same net profit of HAL, after tax, shall be shared equally between HAL and the Company. Accordingly, 50% share of net profit of HAL for the current year amounting to ₹ 9.35 Million has been accounted for as Other Income.

₹ in Millions

Name of the Joint Working Group	AIJWG	
	As at March 31, 2019	**As at March 31, 2018**
Share of Company / Ownership Interest	**50%**	50%
Income - Company's Share	**24.70**	21.60
Expenditure - Company's Share	**6.00**	3.40
Profit / (Loss) - Company's Share	**18.80**	18.20
Share of income from Joint Working Groups of the Company with HAL:	**9.35**	9.1
Contingent Liability	**-**	-

Note 26 : Reconciliation/Confirmation

a) The reconciliation and matching of certain unmatched receivables and payables including control ledger and staff related accounts in under process. Impact if any, of consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation.

b) The Company has sought the confirmation of balance of major trade receivables & trade payables, however only some parties have responded and the areas where the party's balances are not in agreement with the books, the reconciliation of the differences are in progress.

c) Good & Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintained by the company.

d) Group Companies (including Holding Company) accounts have been completed and balance confirmations have been obtained.

e) The Royalties recovered from clients and apayable to Airport Auhority of India and MIAL are under reconciliation.

Note 27 : Property, Plant and Equipment (PPE)

Physical verification of PPE with balances in books as on March 31, 2018 has been conducted by an Independent agency appointed by the company. The Physical verification report dated August 13, 2019 along with reconciliation with book balances have been submitted by the agency. The management is reviewing the impact of shortages amounting to ₹ 27.20 Million identified by the agency and the impact in the books of accounts shall be given after taking approval from the competent authority in the following year.

The Company's Property, Plant and Equipment include assets amounting to Rs. 2720.23 million (gross block) and Rs. 765.81 million (net block) transferred from Air India Limited (the Holding Company) during the year ended March 31, 2015. While computing depreciation for earlier years depreciation was considered based on total useful life as against remaining useful life on such assets.

During the current Financial Year, the Company has updated its depreciation computation and accordingly revised depreciation working based on opening net block as on April 01, 2018 divided by remaining useful life. We have relied on the management assessment of revised estimate for providing depreciation from the current year

Note 28 : Inventories

The Company on December 01, 2018, formed a committee of representatives from AIATSL and Air India's Material Management Department to conduct the physical verification and reconciliation of GSE spares (inventories) of AIATSL. As per report dated June 14, 2019 submitted by this committee, shortages observed of ₹ 23.08 Million have been duly accounted in the books.

Note 29 : Cash and Bank Balances

The process of year end physical verification of cash in hand has been done by the authorised officials and the certificate of cash balance has been duly certified by the official concerned. Bank balances have been fully reconciled and confirmations from banks have been obtained in respect of all bank accounts.

Note 30 : Internal Control:

The company has appointed independent firm of Chartered Accountant for conducting the internal audit to provide suggestions for the improvement in the system required if any. However, the scope of the internal auditor will be reviewed so as to ensure effective internal controls at stations, regional offices and user departments also. System for uniform and timely accounting entries of transactions in SAP, including interface with other software, is under process of being strengthened further.

Note 31 : Entitlement of "Service Export from India Scheme" (SEIS):

The Company is entitled for credit under the "Service Export from India Scheme" on the basis of the foreign exchange earned by the Company through export of services. The said benefit, in the form of license / scrips, is provided by the Director General of Foreign Trade (DGFT), the Company is in the process of submitting of claim for the Financial Year 2017-18 and 2018-19 and will be recognized in the Financial Year 2019-20 on collection basis.

Note 32 : Employee Benefits Plan:

(A) Defined Contribution Plan

Employees Provident Fund: The Company has Employees Provident Fund Trusts under the Provident Fund Act, 1925 for Permanent employees. Also, the Company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the Provident Fund Plans in respect on employees on contract. The Company as well as the employees contributes at applicable rates to the Provident Fund out of which Provident Fund is paid to the employees.

As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees. According to the defined benefit obligation of average interest rate guarantee on exempted provident fund in respect of employees of the Company for the financial year 2018-19 is 9.35% and hence no provision is required to be provided for in the books of accounts towards the guarantee given for notified interest rates.

Company's contribution to provident fund recognized in the Statement of profit and loss is ₹ 302.31 Million (Previous year: ₹ 303.91 Million) (Refer note no.19)

There has been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. The Company/Group will continue to assess any further developments in this matter for the implications on financial statements, if any.

(B) Defined Benefit Plans :

a) Gratuity: 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. The Company has a defined benefit gratuity plan in India (Unfunded). Gratuity is paid from company as and when it becomes due and is paid as per company scheme for Gratuity.

In Case of employees on contract, up to previous year, basic and special allowance component of salary was considered as the salary for the purpose of actuarial valuation of Gratuity & Leave Encashment. During the year, the Company has considered only basic component of the salary for the said purpose as per the applicable law.

i) Disclosure Statement as per Ind AS of Gratuity

₹ in Millions

	As at March 31, 2019	As at March 31, 2018
Type of Benefit	Gratuity	Gratuity
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Unfunded	Unfunded
Starting Period	01-04-18	01-04-17
Date of Reporting	31-03-19	31-03-18
Period of Reporting	12 Months	12 Months
Assumptions (Previous Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.80%	7.22%
Rate of Salary Increase	5.50%	5.50%
Rate of Employee Turnover	10% & 2% as Applicable	10% & 2% as Applicable
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.
Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.64%	7.80%
Rate of Salary Increase	5.50%	5.50%
Rate of Employee Turnover	10% & 2% as Applicable	10% & 2% as Applicable
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	N.A.	N.A.
Present Value of Benefit Obligation at the Beginning of the Period	1,124.19	1,037.55
Interest Cost	75.58	74.91
Current Service Cost	56.88	71.98
Past Service Cost	(155.18)	40.31
(Benefit Paid Directly by the Employer)	(122.09)	(181.45)
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	6.83	(30.90)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(20.10)	111.79
Present Value of Benefit Obligation at the End of the Period	966.11	1124.19
Amount recognised in the Balance sheet		
(Present Value of Benefit Obligation at the end of the Period)	(966.11)	(1124.19)

	As at March 31, 2019	As at March 31, 2018
Funded Status (Surplus/ (Deficit))	(966.11)	(1124.19)
Net (Liability)/Asset Recognized in the Balance Sheet	(966.11)	(1124.19)
Net Interest Cost for Current Year		
Present Value of Benefit Obligation at the Beginning of the Period	1124.19	1037.55
Net Liability/(Asset) at the Beginning	1124.19	1037.55
Interest Cost	75.58	74.91
Net Interest Cost for Current Period	75.58	74.91
Expenses Recognized in the Statement of Profit or Loss for Current Year		
Current Service Cost	56.88	71.98
Net Interest Cost	75.58	74.91
Past Service Cost	(155.18)	40.31
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	(22.72)	187.20
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year		
Actuarial (Gains)/Losses on Obligation for the Period	(13.27)	80.89
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the Period Recognized in OCI	(13.27)	80.89
Balance Sheet Reconciliation		
Opening Net Liability	1124.19	1037.55
Expenses Recognized in Statement of Profit or Loss	(22.72)	187.20
Expenses Recognized in OCI	(13.27)	80.89
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	(122.09)	(181.45)
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	966.11	1,124.19
Other Details		
No of Active Members	13,370	12,341
Per Month Salary for Active Members	154.64	257.98
Weighted Average Duration of the Projected Benefit Obligation	8	7
Average Expected Future Service	8	8

	As at March 31, 2019	As at March 31, 2018
Projected Benefit Obligation	966.11	1,124.19
Prescribed Contribution for Next Year (12 Months)	-	-
Net Interest Cost for Next Year		
Present Value of Benefit Obligation at the End of the Period	966.11	1,124.19
(Fair Value of Plan Assets at the End of the Period)	-	-
Net Liability/(Asset) at the End of the Period	966.11	1,124.19
Interest Cost	73.81	87.69
(Interest Income)	-	-
Net Interest Cost for Next Year	73.81	87.69
Expenses Recognized in the Statement of Profit or Loss for Next Year		
Current Service Cost	60.08	56.88
Net Interest Cost	73.81	87.69
(Expected Contributions by the Employees)	-	-
Expenses Recognized	133.89	144.57
Maturity Analysis of the Benefit Payments: From the Employer		
Projected Benefits Payable in Future Years from the Date of Reporting		
1st Following Year	153.59	207.23
2nd Following Year	93.14	106.60
3rd Following Year	123.24	143.24
4th Following Year	145.17	127.62
5th Following Year	113.30	146.48
Sum of Years 6 To 10	491.98	531.51
Sum of Years 11 and above	348.72	514.52
Sensitivity Analysis:	Increase / (Decrease)	
Projected Benefit Obligation on Current Assumptions	966.11	1,124.19
Delta Effect of +1% Change in Rate of Discounting	(41.09)	(49.24)
Delta Effect of -1% Change in Rate of Discounting	45.09	54.46
Delta Effect of +1% Change in Rate of Salary Increase	44.38	53.79
Delta Effect of -1% Change in Rate of Salary Increase	(41.17)	(49.55)
Delta Effect of +1% Change in Rate of Employee Turnover	4.20	4.85
Delta Effect of -1% Change in Rate of Employee Turnover	(4.64)	(5.52)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.
Notes:
Gratuity is payable as per company's scheme as detailed in the report.
Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.
Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.
Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.
Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

b) **Post-Retirement Medical Benefits**: The Company has a Post-Retirement Medical Benefit Scheme under which medical benefits are provided to retired employees and their spouse.

Disclosure Statement as per Ind AS of Post-Retirement Medical Benefits

₹ in Millions

	As at March 31, 2019	As at March 31, 2018
Type of Benefit	Medical	Medical
Country	India	India
Reporting Currency	INR	INR
Reporting Standard	Indian Accounting Standard 19 (Ind AS 19)	Indian Accounting Standard 19 (Ind AS 19)
Funding Status	Unfunded	Unfunded
Starting Period	01-04-18	01-04-17
Date of Reporting	31-03-19	31-03-18
Period of Reporting	12 Months	12 Months
Assumptions (Previous Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.76%	7..45%
Medical Cost Inflation	4.00%	4.00%
Rate of Employee Turnover	2%	2%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

	As at March 31, 2019	As at March 31, 2018
Assumptions (Current Period)		
Expected Return on Plan Assets	N.A.	N.A.
Rate of Discounting	7.78%	7.76%
Medical cost inflation	4.00%	4.00%
Rate of Employee Turnover	2%	2%
Mortality Rate During Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Mortality Rate After Employment	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Present Value of Benefit Obligation at the Beginning of the Period	1,343.50	1,327.48
Interest Cost	104.26	98.90
Current Service Cost	14.70	15.58
Past Service Cost		
Liability Transferred In/ Acquisitions	-	-
(Liability Transferred Out/ Divestments)	-	-
(Gains)/ Losses on Curtailment	-	-
(Liabilities Extinguished on Settlement)	-	-
(Benefit Paid Directly by the Employer)	(50.43)	(104.07)
(Benefit Paid from the Fund)	-	-
The Effect of Changes in Foreign Exchange Rates	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	-
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(3.04)	(49.44)
Actuarial (Gains)/Losses on Obligations - Due to Experience	(35.33)	55.05
Present Value of Benefit Obligation at the End of the Period	1,373.64	1,343.50
Table Showing Change in the Fair Value of Plan Assets		
Fair Value of Plan Assets at the Beginning of the Period	-	-
Interest Income	-	-
Contributions by the Employer	-	-
Expected Contributions by the Employees	-	-
Assets Transferred In/Acquisitions	-	-
(Assets Transferred Out/ Divestments)	-	-
(Benefit Paid from the Fund)	-	-
(Assets Distributed on Settlements)	-	-

	As at March 31, 2019	As at March 31, 2018
Effects of Asset Ceiling	-	-
The Effect of Changes in Foreign Exchange Rates	-	-
Return on Plan Assets, Excluding Interest Income	-	-
Fair Value of Plan Assets at the End of the Period	-	-
Amount Recognized in the Balance Sheet		
(Present Value of Benefit Obligation at the end of the Period)	(1373.64)	(1343.50)
Fair Value of Plan Assets at the end of the Period	-	-
Funded Status (Surplus/ (Deficit))	(1373.64)	(1343.50)
Net (Liability)/Asset Recognized in the Balance Sheet	(1373.64)	(1343.50)
Net Interest Cost for Current Year		
Present Value of Benefit Obligation at the Beginning of the Period	1,343.50	1,327.48
(Fair Value of Plan Assets at the Beginning of the Period)	-	-
Net Liability/(Asset) at the Beginning	1,343.50	1,327.48
Interest Cost	104.26	98.90
(Interest Income)	-	-
Net Interest Cost for Current Period	104.26	98.90
Expenses Recognized in the Statement of Profit or Loss for Current Year		
Current Service Cost	14.70	15.58
Net Interest Cost	104.26	98.90
Past Service Cost		
(Expected Contributions by the Employees)	-	-
(Gains)/Losses on Curtailments and Settlements	-	-
Net Effect of Changes in Foreign Exchange Rates	-	-
Expenses Recognized	118.95	114.48
Expenses Recognized in the Other Comprehensive Income (OCI) for Current Year		
Actuarial (Gains)/Losses on Obligation for the Period	(38.38)	5.61
Return on Plan Assets, Excluding Interest Income	-	-
Change in Asset Ceiling	-	-
Net (Income)/Expense for the Period Recognized in OCI	(38.38)	5.61
Balance Sheet Reconciliation		
Opening Net Liability	1,343.50	1327.48

	As at March 31, 2019	As at March 31, 2018
Expenses Recognized in Statement of Profit or Loss	118.95	114.48
Expenses Recognized in OCI	(38.38)	5.61
Net Liability/(Asset) Transfer In	-	-
Net (Liability)/Asset Transfer Out	-	-
(Benefit Paid Directly by the Employer)	(50.43)	(104.07)
(Employer's Contribution)	-	-
Net Liability/(Asset) Recognized in the Balance Sheet	1,373.64	1,343.50

Other Details		
No of Active Members	1,327	1,539
Weighted Average Duration of the Projected Benefit Obligation	30	30
Average Future Term	30	30
Projected Benefit Obligation	1,373.64	1,343.50
Prescribed Contribution for Next Year (12 Months)	-	-
Net Interest Cost for Next Year		
Present Value of Benefit Obligation at the End of the Period	1,373.64	1343.50
(Fair Value of Plan Assets at the End of the Period)	-	-
Net Liability/(Asset) at the End of the Period	1,373.64	1,343.50
Interest Cost	106.87	104.26
(Interest Income)	-	-
Net Interest Cost for Next Year	106.87	104.26
Expenses Recognized in the Statement of Profit or Loss for Next Year		
Current Service Cost	12.75	14.70
Net Interest Cost	106.87	104.26
(Expected Contributions by the Employees)	-	-
Expenses Recognized	119.62	118.95
Maturity Analysis of the Benefit Payments: From the Employer		
Projected Benefits Payable in Future Years from the Date of Reporting		
1st Following Year	53.73	45.94
2nd Following Year	70.42	64.82
3rd Following Year	89.39	86.35
4th Following Year	110.43	110.27
5th Following Year	130.79	133.37
Sum of Years 6 To 10	730.40	768.30
Sensitivity Analysis:	**Increase / (Decrease)**	
Projected Benefit Obligation on Current Assumptions	1373.64	1343.50
Delta Effect of +1% Change in Rate of Discounting	(138.10)	(140.34)
Delta Effect of -1% Change in Rate of Discounting	167.95	171.47
Delta Effect of +1% Change in Medical Cost inflation	172.87	176.48
Delta Effect of -1% Change in Medical Cost inflation	(143.90)	(146.20)

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.
Notes
Medical is payable as per Company Scheme as detailed in the report.
Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.
Salary escalation & attrition rate are considered as advised by the company; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.
Maturity Analysis of Benefit Payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above.
Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.

(C) Other Long Term Employee Benefits

i. Compensated Absence

The Company has a policy on compensated absences with provisions on accumulation and encashment by the employees during employment or on separation from the Company due to death, retirement or resignation. The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

ii. Bonus

Bonus is payable to all employees as per the provisions of the Payment of Bonus Act 1965 and the provision for the same has been made in the current financial year.

Note 33 : Earnings Per Share (EPS)

₹ in Millions

Particulars	For the Year Ended March 31, 2019	For the Year Ended March 31, 2018 (Restated)
Profit After Tax attributable to equity Holders of the company	**638.13**	538.49
Weighted Average No. of Equity Shares	**138.42**	138.42

EPS After Tax (₹ per share)		
- Basic EPS	**4.61**	3.89
- Diluted EPS	**4.61**	3.89

Note 34 : Income taxes

Indian companies are subject to Indian income tax on a standalone basis. Each entity is assessed to tax on taxable profits determined for each fiscal year beginning on 1 April and ending on 31 March. For each fiscal year, the company's profit or loss is subject to the higher of the regular income tax payable or the Minimum Alternative Tax ("MAT").

Statutory income taxes are assessed based on book profits prepared under generally accepted accounting principles in India adjusted in accordance with the provisions of the (Indian) Income Tax Act, 1961. Such adjustments generally relate to depreciation of fixed assets, disallowances of certain provisions and accruals, deduction for tax holidays, the set-off of tax losses and depreciation carried forward and retirement benefit costs. Statutory income tax is charged at 30% plus a surcharge and education cess. MAT is assessed on book profits adjusted for certain items as compared to the adjustments followed for assessing regular income tax under normal provisions. MAT for the fiscal year 2018-19 is 21.549%. MAT paid in excess of regular income tax during a year can be set off against regular income taxes within a period of fifteen years succeeding the fiscal year in which MAT credit arises subject to the limits prescribed.

Company offsets deferred tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and relates to income taxes levied by the same tax authority.

a) Income tax expense

₹ in Millions

Particulars	**For the year ended 31 March 2019**	**For the year ended 31 March 2018**
Current tax		
Current tax	**600.00**	491.50
Short provision of tax of earlier years*	**186.62**	-
Total	**786.62**	**491.50**
Deferred tax		
Deferred tax	**(132.51)**	19.51
Total	**654.11**	**511.01**

*This represents short provision of income tax (net) of earlier years identified in the current year.

A reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

₹ in Millions

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018 (Restated)
Profit before tax	**1,274.20**	1,049.50
Enacted tax rate in India	**34.94%**	34.608%
Expected income tax expense at statutory tax rate (A)	**445.26**	**363.21**
Tax effect of:		
Expenses not deductible in determining taxable profits	**132.51**	19.51
Short provision of tax for earlier years*	**186.62**	-
Others	**22.23**	-
Others – pending reconciliation	**-**	108.78
Income tax recognized in the statement of profit and loss	**786.62**	**491.50**

*This represents short provision of income tax (net) of earlier years identified in the current year.

b) Deferred tax assets / (liabilities)

The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet:

₹ in Millions

Particulars	As at March 31, 2019	As at March 31, 2018
Deferred tax liabilities	**(124.75)**	(97.52)
Deferred tax assets	**1202.41**	103.30
Total	**1077.65**	**5.78**

Significant component of deferred tax assets / (liabilities) and movement during the year are as under:

₹ in Millions

Particulars	As at March 31, 2018	For the year ended March 31, 2019			As at March 31, 2019
		Recognized through P&L	Recognized through OCI	Recognized through Retained Earnings	
Deferred tax balance in relation to					
Deferred tax asset of earlier years	-			(939.37)*	(939.37)

Property, plant and equipment	97.52	25.91	-	-	123.43
Provision for employee benefits	(103.30)	(1.66)	18.04	-	(86.92)
Expected credit loss		(152.45)			
Disallowance under Section 43B and 40(a)(ia) of Income tax Act, 1961		(22.36)			
Total	**(5.78)**	**(150.55)**	**18.04**	**(939.37)**	**(1,077.65)**

Particulars	**As at March 31, 2017**	**For the year ended March 31, 2018**			**As at March 31, 2018**
		Recognized through P&L	**Recognized through OCI**	**Recognized through Reserved**	
Deferred tax balance in relation to					
Property, plant and equipment	63.82	33.70	-	-	97.52
Provision for employee benefit	(89.11)	(14.19)	-	-	(103.30)
Total	**(25.29)**	**19.51**	**-**	**-**	**(5.78)**

* The Company has computed deferred tax on differences using income statement approach as against balance sheet approach in accordance with the requirements of Ind AS – 12 “Income Taxes”. The Company has computed opening cumulative effect (i.e. April 01, 2018) due to this error amounting to Rs. 939.37 million which pertains to one or more prior periods.

It is impracticable to determine the period-specific effects of this error on comparative financial information for reported prior period and hence, the company has given cumulative effect of the error prospectively by restating the opening balances of assets and other equity as at April 01, 2018 and hence, reported financial information of the previous year is strictly not comparable.

Note 35 : The Micro and Small Enterprises Development Act, 2006:

The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as MSME. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier and hence, no interest is payable on delayed payments. In other cases, necessary compliance/disclosure will be ensured in due course.

Note 36 : Related Party Disclosures

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2018-19.

A. List of Related parties:

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

Sr. No	Name of Company	Relationship
1	Air India Limited	Holding Company

ii. List of Fellow Subsidiary Companies:

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

iii. Others:

Sr. No	Name of Company	Relationship
1	Airport Authority of India	Entity under same control by the Government
2	Ministry of Defense	

B. Key Managerial Personnel

Sr. No.	Name of Key Managerial Personnel	Designation
1.	Shri J V Ravi Kumar	Chief Financial Officer
2.	Smt. Vandana Batra	Company Secretary (w.e.f. March 27, 2019)
3.	Smt. Poonam Bharwani	Company Secretary (upto January 31, 2019)

C. Related Party Transactions

i. No loans or credit transactions were outstanding with directors or officers of the company or their relatives at the end of the year.

ii. In terms of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. Significantly controlled and influenced entities (Government of India) and other than government related parties:

₹ in Millions

Sr. No	Name of the Entity & Nature of Transaction	As at and for the year ended	
		March 31, 2019	March 31, 2018
1	**Air India Limited (Holding Company)**		
	Revenue from Operations:		
	Ground Handling Revenue	3,215.87	2,541.54
	Supply of Manpower Services	824.62	-
	Interest on Outstanding recoverable	20.54	-
	Other services	82.46	-
		4,143.49	**2541.54**
	Expenditure		
	Rent on Premises	70.82	-
	Interest on Outstanding payables	-	45.98
	Revenue Sharing with Holding Company	**406.78**	**750.00**
	Closing Balance of Trade receivable [Debit / (Credit)]	**606.18**	**(1291.16)**
2	Air India Express Limited		
	Revenue		
	Ground Handling Revenue	329.12	279.69
	Manpower Service	1.83	
	APEDA/Carting Revenue	1.10	
	Interest on outstanding recoverable	14.44	13.6
	Closing Balance of Trade receivable (Debit)	**278.67**	**236.58**
3	**Air India Engineering Services Limited**		
	Revenue		
	Manpower Services / Cabin Cleaning	33.13	581.2
	Interest on outstanding recoverable	86.28	-
	Expenditure		
	Headset Services	77.48	-
	Closing Balance of Trade receivable (Debit)	**1,002.77**	**1,000.73**
4	**Airline Allied Service Limited (Alliance Air)**		
	Revenue from Operations		
	Ground Handling Revenue	219.87	97.1
	Supply of Manpower Services	1.46	
	Interest on Outstanding recoverable	26.91	14.21
	Expenditure		
	Staff on Duty Expenditure	0.99	
	Closing Balance of Trade receivable (Debit)	**521.32**	**244.45**

Sr. No	Name of the Entity & Nature of Transaction	As at and for the year ended	
		March 31, 2019	March 31, 2018
5	Hotel Corporation of India Limited (HCIL-Centaur) **Expenditure** Staff Hotel Expenses	**00.95**	-
	Closing Balance of Trade payable (Credit)	**(00.95)**	-
6	Air India Singapore Airlines Transport Services (AISATS)		
	Closing Balance of trade receivable (Debit)	**02.58**	-

Compensation to Key Management Personnel

₹ in Millions

Nature of Transactions	For the year ended March 31, 2019	For the year ended March 31, 2018
Short-term employee benefits	**3.01**	3.00
Post-employment benefits	**Nil**	Nil
Other long-term benefits	**Nil**	Nil
Termination benefits	**Nil**	Nil
Total compensation to Key Management Personnel	**3.01**	**3.00**

As the future liability for Post–Employment, Other Long-term and Termination Benefits are provided on an actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

Major Transactions with Government Related Entities

₹ in Millions

Name of Entity	For the year ended March 31, 2019	For the year ended March 31, 2018
Expenditure: Airports Authority of India levy	**238.41**	**251.76**
Revenue: Indian Air Force/Border Security Force/Indian Navy for Ground Handling Services	**41.18**	**23.67**

Note: The above transactions with the Government /Government related entities cover transactions that are significant individually and collectively. The company also entered into other transactions with various other governments related entities; however, these transactions are insignificant either individually or collectively and hence not disclosed

Note 37 : Corporate Social Responsibility (CSR)

₹ in Millions

Particulars		**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
(a) Gross amount required to be spend by the Company during the year		**19.24**	18.01
(b) Amount spend on:			
(i) Construction / acquisition of assets		**Nil**	Nil
(ii) On purposes other than (i) above	(for CSR projects)	**Nil**	Nil

Note 38 : Following are the details of Foreign Currency earned and expended by the Company during the Financial Year 2018-19

US $ in Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Foreign Exchange Earnings	21.25	23.90
Foreign Exchange expended (for Import Payments)	(1.65)	(8.70)
Net Foreign Exchange Earnings	**19.60**	**15.20**

Note 39 : Segment Reporting

The Chairman of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators, however the Company is primarily engaged in only one segment viz., " Ground Handling Services" and that all of the operations are in India. Hence the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

a. Disclosure of Customer with more than 10% of Revenue:

₹ in Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Air India Ltd. And its group companies	**3791.74**	3714.65

Note 40 : Remuneration to Auditors

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

₹ in Millions

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Audit Fees - For the Year	0.56	0.56
Out of Pocket Expenses	0.06	0.09
Total	**0.62**	**0.65**

Note 41 : Fair value measurement and financial instruments

b. **Financial instruments – by category and fair value hierarchy** The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(i) As at March 31, 2019

₹ in Millions

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Current							
Trade Receivable*	-	-	4008.71	4008.71	-	-	-
Cash & Cash Equivalents and other bank balances	-	-	139.55	139.55	-	-	-
Others Financial Assets	-	-	118.02	118.02	-	-	-
Total			**4266.28**	**4266.28**	-	-	-
Financial liabilities							
Non-Current							
Other Financial Liabilities	-	-	10.42	10.42	-	-	-
Current							
Trade Payables*	-	-	434.85	434.85	-	-	-
Other Financial Liabilities	-	-	1148.30	1148.30			
Total	**-**	**-**	**1593.57**	**1593.57**	-	-	-

(ii) As at March 31, 2018

₹ in Millions

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial Assets							
Current							
Trade Receivable*	-	-	3221.44	3221.44	-	-	-
Cash & Cash Equivalents and bank balances	-	-	228.41	228.41	-	-	-
Others Financial Assets	-	-	44.33	44.33	-	-	-
Total	**-**	**-**	**3494.18**	**3494.18**	-	-	-

Particulars	Carrying Value				Fair value measurement using		
	FVTPL	FVTOCI	Amortized Cost	Total	Level 1	Level 2	Level 3
Financial liabilities							
Current							
Trade Payables*	-	-	401.69	401.69	-	-	-
Other Financial Liabilities	-	-	1248.81	1248.81	-	-	-
Total	-	-	**1650.50**	**1650.50**	-	-	-

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

c. Fair Value Hierarchy

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

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Note 42 : Financial Risk Management Objective and Policies:

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

i) Credit Risk

ii) Liquidity Risk

iii) Market Risk – a. Foreign Currency, and b. Interest Rate

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

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

(i) Credit Risk Management

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Customer credit risk is managed centrally by the Company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits defined in accordance with the assessment.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its Group Companies (i.e. 60%) and for which the Management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from Group Companies. Further, receivables from government companies is also considered as fully recoverable and hence, no provisioning considered on such receivables.

Apart from Group Company and Government receivables, in respect of other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicate a low credit risk. Hence, trade receivables are considered to be a single class of financial assets.

As per policy receivables are classified into different buckets based on the overdue period ranging from 6 months – one year to more than one year and one to two years.

Based on the business environment in which the company operates, management considers that the trade receivable (other than receivables from government departments) are in default (credit impaired) if the payments are past due. There provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is provide using following rates:

Bucket	**As at March 31, 2019**	**As at March 31, 2018##**
Government Company	0.00 %	
Group Company	0.00 %	
Other Parties past due up to three years	8.81 %	
Other Parties past due more than three years	100.00 %	
Specific Credit Risk impairment on individual basis	100.00 %	

The movement in allowance for Expected Credit Loss is as follows:

Particular	**As at March 31, 2019**	**As at March 31, 2018##**
Balance at the beginning of the year	-	-
Allowance for trade receivable which have significant increase in credit risk	191.58	-
Specific Credit Risk impairment on individual basis	244.68	-
Balance as at the end of the year	**436.26**	-

The Company has not provided for impairments of financial assets (Trade and Other Contractual Receivables) using provision matrix in accordance with the requirements of Ind AS – 109 “Financial Instruments”. During the year, the Company has computed cumulative effect of Expected Credit Loss as on March 31, 2019 applying simplified approach for trade and other contractual receivables from the parties other than the group companies amounting to Rs.436.26 million. The Company has considered Rs. Nil towards expected credit loss in respect of receivable from the group companies.

It is impracticable to determine the period-specific effects of this omission on comparative financial information and hence, the company has given cumulative effect prospectively from the financial year ended on March 31, 2019 and hence, reported financial information of the previous year is strictly not comparable.

(ii) Liquidity Risk Management

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

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

The Company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of ₹ NIL (31 March 2018: ₹ NIL) will enable it to meet its future known obligation in the ordinary course of business. However, if a liquidity needs were to arise, the company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement.

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

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

The following are the remaining contractual maturities of financial liabilities at the reporting date. The contractual maturity is based on the earliest date on which the Company may be required to pay:

Exposure to Liquidity risk

As at March 31, 2019

₹ in Millions

Particulars	Carrying amount	Contractual Cash Flows			
		Upto 1 year	1-5 Years	More than 5 years	Total
Financial Assets					
Current					
Trade Receivable	4008.71	4008.71			4008.71
Cash & Cash Equivalents and other bank balances	139.55	139.55			139.55
Others Financial Assets	118.02	118.02			118.02
Financial Liabilities					
Non-Current					
Other Financial Liabilities	10.42	-	10.41	-	10.41
Current					
Trade Payables	434.85	434.85			434.85
Other Financial Liabilities	1148.30	1148.30			1148.30

As at March 31, 2018

₹ in Millions

Particulars	Carrying amount	Contractual Cash Flows			
		Upto 1 year	1-5 Years	More than 5 years	Total
Financial Assets					
Current	3221.44	3221.44			3221.44
Trade Receivable	228.41	228.41			228.41
Cash & Cash Equivalents and bank balances	44.33	44.33			44.33
Others Financial Assets	3221.44	3221.44			3221.44
Financial Liabilities					
Current					
Trade Payables	401.69	401.69			401.69
Other Financial Liabilities	1248.81	1248.81			1248.81

(iii) Market risk

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

A. Interest rate risk

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

B. Currency risk

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

Exposure to foreign Currency Risk

The summary of quantitative data about the Company's exposure to currency risk, as expressed in Indian Rupees, as at March 31, 2019 and March 31, 2018 are as below:

Figure in Millions

Particulars	As at March 31, 2019			As at March 31, 2018		
	USD	INR	Total	USD	INR	Total
Financial Assets	-	-	-			
Trade Receivable	129.48	3879.23	4008.71	51.67	3,169.77	3,221.44
Cash & Cash Equivalents and bank balances	-	139.55	139.55	-	228.40	228.40
Other Financial Assets	-	118.02	118.02	-	44.33	44.33
Total Financial Assets	129.48	4136.8	4266.28	51.67	3,442.5	3,494.17
Financial Liabilities						
Non-Current						
Other Financial Liabilities	-	10.42	10.42	-	-	-
Current						
Trade Payables	-	434.85	434.85	-	401.69	401.69
Other Financial Liabilities	-	1,148.30	1,148.30		1,248.81	1,248.81
Total Financial Liabilities	-	1,593.57	1,593.57	-	1,650.50	1,650.50

Sensitivity Analysis

The following table details the Company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR depreciates 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

₹ in Millions

Particulars	Increase		(Decrease)	
	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
Receivable				
USD/INR	6.71	16.90	(6.71)	(16.90)

Note 43 : Ind AS 115 - Revenue from Contracts with Customers

Ind AS 115 Revenue from Contracts with Customers, mandatory for reporting periods beginning on or after April 01, 2018 replaces the existing revenue recognition standards. The application of Ind AS 115 did not have any major impact on financial statements of the Company.

Note 44 : Standards issued but not yet effective:

i) Ind AS 116 - Leases

The Ministry of Corporate Affairs on March 30, 2019 has notified the IND AS 116 with effective date of adoption from April 01, 2019 onwards. The core principal of new IND AS, in the case of lessees, is that an Entity should recognize 'Right-to-Use Asset' and related 'Lease Liability' in respect of all leases (except for Short Term-Leases and Leases for which the underlying asset is of low value).

The 'Lease Liability' is to be measured at the 'Present Value' of the Lease Payments to be made over the period of the Lease Term.

The 'right-to use' Asset is to be measured initially at the amount of the 'Lease Liability' with the adjustments for 'Lease Pre-payments', 'Lease Incentives Received', the Lessee's initial 'direct costs' and an estimate of the Restoration, Removal and Dismantling Costs.

Further, for each subsequent year(s), the compliances are to be as under:-

1 Depreciation and impairment loss (if any) on the right-to-use asset will be provided on straight line method over the lease period/useful life of such assets.

2 The Carrying Amount of 'Lease Liability' will be reduced to reflect the Lease Payments made and adjustment(s) for any 'Re-measurement' (with the impact of Currency Fluctuation) of the Lease Liability.

The company is in the process of evaluating the effect of this amendments on the financial statements.

Amendments to Other Indian Accounting Standard (IND AS)

ii) Amendments to Ind AS 12, Income Taxes:

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, which specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not expect any significant impact of the amendment on its financial statements.

iii) Amendment to Ind AS 19, Employee Benefits:

The amendments to Ind AS 19, Employee Benefits relate to effects of plan amendment, curtailment and settlement. When an entity determines the past service cost at the time of plan amendment or curtailment, it shall re-measure the amount of net defined benefit liability/asset using the current value of plan assets and current actuarial assumptions which should reflect the benefits offered under the plan and plan assets before and after the plan amendment, curtailment and settlement.

45. We refer to note no. 24 of the financial statements where the prior period reported figures have been re-stated to incorporate necessary corrections. However, due to impracticability to determine the period specific effects of certain errors, the company has given cumulative effects in the opening balances of current year. Hence, reported restated previous year financial figures are not strictly comparable.

As per our report of even date

For Shah Gupta & Co.
Chartered Accountants
Firm Registration No. 109574W
Sd/-
Vipul K. Choksi
Partner
M.No. 37606
UDIN: 19037606AAAABU1459

Place: Mumbai
Date: September 06, 2019

For and on behalf of the Board of Directors

Sd/-
Ashwani Lohani
Chairman
DIN 01023747

Sd/-
Vinod Hejmadi
Director
DIN 07346490

Sd/-
J.V. Ravi Kumar
Chief Financial Officer

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

Sd/-
Vandana Batra
Company Secretary

Place: Delhi
Date: September 06, 2019