

## DIRECTORS' REPORT

The Directors have pleasure in presenting the Twenty Eighth Report together with the Company's audited statements of accounts for the year ended 31 March 2009.

### **MERGER OF THE COMPANY WITH INDIAN AIRLINES LTD. (NOW NACIL)**

Ministry of Civil Aviation, Government of India, vide its letter dated 25 May, 1993 conveyed its decision to merge the company with erstwhile Indian airlines Ltd. now merged with NACIL effective 27 August 2007. Consequently, the entire shareholding of the company is being held by Indian Airlines Ltd. (now NACIL). The company therefore is a wholly owned subsidiary of NACIL. During the year, the company did not undertake any flight operations as it's operations were transferred to NACIL. As on date, the company is remaining as a "Shell" company pending completion of legal formalities related to merger.

#### **1. FINANCIAL RESULTS**

During the year under review, the company did not undertake any flight operations or any other commercial activity. As a result of this, the company did not generate any revenue from operations. The total expenditure during the year was Rs. 8.44 lacs mainly on account of depreciation and audit fee etc. The loss for the year was Rs. 8.44 lacs.

#### **2. FLEET**

The total fleet available as at the close of the year was two Dornier DO-228 aircraft. These two aircraft were being maintained and used for operations by NACIL. NACIL Board, in its fourteenth meeting held on 3 August 2008, has accorded approval to phase out these aircraft to make take all necessary steps for disposal of the aircraft.

#### **3. CAPITAL STRUCTURE**

The issued, subscribed and paid up capital of the company as at 31 March 2009 was the same as that in the previous year i.e. Rs. 36.42 crores being 3,64,200 fully paid up equity shares of Rs. 1000/- each held by NACIL. There has been no change in the capital structure of the company since 1993-94.

#### **4. MANPOWER**

Consequent to the merger decision, the employees of the company were absorbed in NACIL. The total manpower strength of the company as on 31.03.2009 was nil as against nil as at 31.03.2008.

#### **5. PARTICULARS OF EMPLOYEES**

As required under Section 217(2A) of the Companies Act, 1956 read with the Companies (particulars of Employees) Rules, 1975 regarding the information of particulars of employees is Nil.

#### **6. DIRECTORS' RESPONSIBILITY REPORT**

Your Directors confirm :-

- i. that in the preparation of accounts for the period ended 31 March 2009, the applicable Accounting Standards had been followed and there are no material departures. However, as per the accounting policies in vogue over the years, the warranty claims, interest recoverable and the Gratuity payments, if any, are accounted on actual receipt/payment basis,
- ii. that the selected accounting policies are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the year end and of the profit and loss of the company for that period and applied them consistently,
- iii. that proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the companies Act, 1956 for safeguarding the assets of the company and preventing and detecting fraud and other irregularities, including reporting of loss of certain Minutes Book of Board Meetings of the Company.
- iv. that consequent to the decision of the Government of India in May, 1993 to merge the company with erstwhile Indian Airlines Ltd. now merged with NACIL, the company is not undertaking any commercial activity since April, 1997 and the accounts are being prepared to facilitate legal formalities related to the merger. The liabilities of the Company have been frozen as per the Government of India's moratorium decisions on its dues. In view of the same, the assets and liabilities have not been revalued and the accounts for the period ended 31 March 2009 had been prepared accordingly.

#### **7. AUDIT COMMITTEE**

The present Audit Committee constituted pursuant to Section 292 (A) of the Companies Act, 1956, as amended vide the Companies (Amendment) Act, 2000, consists of three Directors of the company, Shri L. Raja Sekhar Reddy, Shri S. Chandrasekhar & Smt. Abha Shukla. During the year 2008-09 one committee meeting was held on 15 December 2008.

**8. AUDIT OF ACCOUNTS**

The Comptroller & Auditor General of India, has appointed M/s. Lalit Gupta & Associates, Chartered Accountants as Statutory Auditors for the year 2008-09.

**9. REPLY TO REMARKS OF STATUTORY AUDITORS**

The Board has noted the remarks of Auditors contained in their Report dated 30 September 2009. Director's reply to the Auditors Report is annexed.

**10. COMPTROLLER AND AUDITOR GENERAL OF INDIA**

The accounts for the year ended 31 March 2009 were submitted to the Comptroller and Auditor General of India (CAG) for their comments. The CAG vide their letter no. GAP/IA/NL/51/ 2009-10/567 dated 29 October 2009 conveyed that they have decided not to review the report of the Statutory Auditors' on the accounts of Vayudoot Ltd. for the year ended 31 March 2009 and as such have no comments to make u/s 619 (4) of the Companies Act. 1956.

**11. BOARD OF DIRECTORS**

During the year, the Board of Directors held four meetings. As on 31 March 2009 the Board consisted of following Directors :

- |    |   |          |
|----|---|----------|
| 1. | Shri Arvind Jadhav<br>Chairman & Managing Director,<br>National Aviation Company India Ltd. (NACIL) | Chairman |
| 2. | Shri S. Chandrasekhar<br>Director (Finance), NACIL  | Director |
| 3. | Shri Vipin K. Sharma<br>SBU Head MRO (Engines & Components), NACIL                                  | Director |
| 4. | Shri Raja Sekhar Reddy Lakkadi<br>Director (Finance),<br>Ministry of Civil Aviation                 | Director |
| 5. | Smt. Abha Shukla<br>Director, Ministry of Civil Aviation  | Director |

Ministry of Civil Aviation vide its letter reference no. AV18013/04/2007-IA dated 11 June 2008 reconstituted Board of Directors as follows :

- |    |   |          |
|----|---|----------|
| 1. | Chairman & Managing Director<br>National Aviation Company of India Ltd. (NACIL) | Chairman |
| 2. | Director (Finance), NACIL   | Director |
| 3. | SBU Head MRO (Engines & Components), NACIL                                      | Director |
| 4. | Director (Finance), Ministry of Civil Aviation                                  | Director |
| 5. | Director, Ministry of Civil Aviation  | Director |

**12. ACKNOWLEDGEMENT**

The Board places on record its appreciation to Shri Raghu Menon, for his valuable contribution and for his support/guidance.

The Board sincerely acknowledges the assistance and continued support given by the Ministry of Civil Aviation, Airports Authority of India, Comptroller & Auditor General of India, Department of Company Affairs and other Govt. Departments, National Aviation Company of India Ltd., Airlines Allied Services Ltd. and other agencies.

For and on behalf of the Board

Sd/-  
**Arvind Jadhav**  
Chairman

Place : New Delhi  
Date : 14 December 2009

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF VAYUDOOT LIMITED FOR THE YEAR ENDED 31 MARCH 2009.**

The preparation of financial statements of **Vayudoot Limited** for the year ended 31 March 2009 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 September 2009.

I on behalf of the Comptroller and Auditor General of India have decided not to review the report of the Statutory Auditors' on the accounts of **Vayudoot Limited** for the year ended 31 March 2009 and as such have no comments to make under section 619(4) of the Companies Act, 1956.

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

Sd/-  
**Birendra Kumar**  
**Principal Director of Commercial Audit**  
**& Ex-officio Member, Audit Board-I, New Delhi**

Place : New Delhi  
Date : 29 October 2009.