



AIR INDIA AIR TRANSPORT SERVICES LIMITED





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BOARD OF DIRECTORS (AS ON 30.12.2013)

Shri Rohit Nandan Chairman

Smt M Sathiyavathy

Shri G Asok Kumar

Shri S Venkat

Chief Operating Officer

Capt A K Sharma

Company Secretary

Smt Poonam Bharwani

Auditors

M/s P M Agrawal & Associates

Chartered Accountants, Mumbai

Bankers

HDFC Bank Ltd.

Registered Office

Airlines House

113 Gurudwara Rakabganj Road

New Delhi – 110 001

**DIRECTORS' REPORT**

The Directors take pleasure in presenting the Tenth Annual Report of the Company, together with the Audited Accounts, Auditors' Report and Comments by the Comptroller and Auditor General of India, for the year ended 31 March 2013.

FINANCIAL PERFORMANCE**(Rupees in Lakhs)**

Particulars	2012-13	2011-12
Total Revenue	7500.95	6090.63
Total Expenses	7398.14	6058.45
Profit/(Loss) before Exceptional and Extraordinary Items & Tax	102.80	32.17
Exceptional Items	-	(22.04)
Prior Period Tax Adjustments	(4.80)	-
Profit/(Loss) before Extraordinary Items & Tax	97.99	10.13
Extraordinary Items	-	-
Profit/(Loss) before Tax	97.99	10.13
Less: Provision for Tax	47.35	36.14
Net Profit/(Loss)	50.64	(26.01)

OTHER FINANCIAL INFORMATION**Share Capital :**

The Authorised Share Capital of the Company is Rs.100,00,00,000/-. The entire Paid-up Share Capital of the Company, amounting to Rs.5,00,000/-(50000 Equity Shares of Rs.10/- each) has been subscribed and paid-up by Air India Limited.

Foreign Exchange Earnings :

The foreign exchange earnings for the period under review is NIL.

OPERATIONALISATION

The Board of Directors of Air India Limited, the parent company, at its Meeting held on 7 August 2010 approved operationalisation of Air India Air Transport Services Limited (AIATSL). Cabinet Note for operationalisation was submitted to the Ministry of Civil Aviation. Cabinet has approved operationalisation of AIATSL on 6 September 2012. It is proposed that the assets and manpower from Air India Limited, will be transferred to AIATSL as per the decision of the Cabinet. The Company will be treated as a separate profit centre for carrying out the Ground Handling activities.

The process of operationalisation has accordingly started w.e.f. 1 February 2013 with transfer of Manpower to the Company and an MOU has been executed between Air India and AIATSL on 19 April 2013. Further, steps have been initiated to obtain/fulfil various Regulatory and Statutory approvals/compliances.

**ACTIVITIES OF AIATSL UPTO 31 July 2013**

Based on the requirement for handling of customer airlines' flights at various Indian stations, the number of staff inducted on contract under various categories as on 31 July 2013 is given below:

Asst. Controller	83
Junior Executive Technicians	74
Sr. Customer Agent	07
Customer Agent	893
Junior Customer Agent	75
Senior Ramp Service Agent	92
Ramp Service Agent	279
Utility Agent cum Ramp Driver	15
Security Agent	1044
Senior Security Agent	268
Handyman	251
Handyman-II	16
Utility Service Agent (absorbed as per MOU)	46
Total	3143

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

The Following induction is under process for the stations mentioned below:

	CCU	MAA	BOM
Sr. Ramp Service Agent	-	-	32
Customer Agent	50	145	93
RSA & RSA (LG)	-	65	52
TOTAL	50	210	177

Following activities were taken over and outsourced by AIATSL during the Financial Year 2012-2013, after following necessary tender procedure:

At KOZHIKODE, Outsourcing of Baggage and Cargo Handling Services, Cabin Cleaning and Dressing have been taken over by Bright Shine Services effective 1 September 2013.

At KOZHIKODE, Comprehensive Ground Handling Services have been taken over by Visskan Aviation (P) Ltd effective 1 August 2012.

At CHENNAI, Ground Handling Services for AI, AIE & Client Airlines have been taken over by Décor Aviation effective 1 January 2013.

At CHENNAI, Provision of Cabin Cleaning, Dressing & Miscellaneous Services have been taken over by Bright Shine Services effective 1 March 2013.

At CHENNAI, Providing services related to Tractor & Coach Operations have been taken over by Aero Globe Facility Management effective 1 December 2012.

At CHENNAI, Ground Handling Services at Cargo Warehouse have been taken over by Visskan Aviation (P) Ltd effective 1 January 2013.



At VIZAG, Providing Passenger Handling, Cargo Handling, Baggage Handling and Tractor operation have been taken over by Visakha Enterprises effective 12 August 2013.

At MADURAI, Comprehensive Ground Handling Services have been taken over by Balika Services Pvt. Ltd effective 7 December 2012.

At COCHIN, Providing Aircraft Cabin Cleaning & Dressing at Nedumbassery Airport have been taken over by Immanuel Aviation & Cargo Services (P) Ltd effective 1 September 2013.

At AHMEDABAD, Comprehensive Ground Handling Services at SVP Airport. have been taken over by Neha International effective 25 April 2013.

At MUMBAI, Providing Arrival Baggage Handling at CSI Airport have been taken over by Livewel Aviation effective 11 April 2013.

At MUMBAI, Providing Handyman for Wheel Chair Services to Customer Airlines at CSI Airport have been taken over by Bajrang Airlines (P) Ltd effective 11 May 2013.

BOARD OF DIRECTORS

As on 31 March 2013, the Board consisted of the following Members :

Shri Rohit Nandan Chairman & Managing Director Air India Limited	Chairman
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Shri K M Unni SBU Head-MRO (Airframes)	CEO
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Shri S Machendranathan
Addl Secretary & Financial Advisor
Ministry of Civil Aviation

Dr Prabhat Kumar
Joint Secretary, Ministry of Civil Aviation

Air Chief Marshal Fali H Major (Retd) ceased to be Director on the Board of the Company with effect from 17 January 2013.

Shri K M Unni ceased to be Director on the Board of the Company with effect from 30 November 2013. Also, Shri Machendranathan ceased to be Director on the Board with effect from 19 November 2013.

Shri S Venkat, Director (Finance) was appointed as Air India Nominee Director on the Board of the Company with effect from 27 December 2013.

Capt A K Sharma was appointed as Chief Executive Officer of the Company with effect from 26 November 2013.

The Board places on record its appreciation of the valuable services rendered by Air Chief Marshal Fali H Major (Retd), Shri S Machendranathan and Shri K M Unni as Directors of the Company.

The Board met four times during the year.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm :

1. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed and there has been no material departure;



2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2013 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, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared according to the going concern basis.

AUDITORS

M/s PM Agrawal & Associates, Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the year 2012-13 by the Comptroller & Auditor General of India.

AUDIT COMMITTEE

Since the paid up share capital of the Company is less than Rs.5 Crores, the Company is not required to have an Audit Committee in terms of Section 292A of the Companies Act, 1956.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

No statement has been enclosed on the matters specified, since the Company was engaged in ground handling activities only.

PARTICULARS OF EMPLOYEES

Since there were no employees who were employed throughout the year who were in receipt of remuneration of Rs.5 lakhs per month or Rs.60 lakhs per annum, no statement has been enclosed in this regard under Section 217(2A) of the Companies Act, 1956.

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31 March 2013 are annexed to this Report.

ACKNOWLEDGEMENTS

The Board gratefully acknowledges the support and guidance received from Air India Limited, the Ministry of Civil Aviation, Airports Authority of India, Bureau of Civil Aviation Security. The Board expresses 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/-
Rohit Nandan
Chairman

Place : New Delhi
Date : 20 January 2014



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF AIR INDIA AIR TRANSPORT SERVICES LTD. FOR THE YEAR ENDED 31 MARCH 2013.

The preparation of financial statements of Air India **Air Transport Services Ltd.** for the year ended 31 March 2013 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 Standards on Auditing 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 23 January, 2014.

I, on the behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditors on the accounts of **Air India Air Transport Services Ltd.** for the year ended 31 March 2013 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/-
Parama Sen
Principal Director of Commercial Audit
& *ex-officio* **Member Audit Board-II, Mumbai**

Place : Mumbai
Date : 7 March 2014



REPORT OF THE AUDITORS TO THE MEMBERS OF AIR INDIA AIR TRANSPORT SERVICES LIMITED

We have audited the accompanying financial statements of **Air India Air Transport Services Limited**, which comprise the Balance Sheet as at **March 31, 2013**, and the Statement of Profit and Loss and Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and Cash Flow of the Company in accordance with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, mentioned hereunder, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, subject to Notes on Financial Statements:

- (1) Note 17.9: Company's Net Worth is Negative
- (2) Note 17.10: Establishment Support Charges
 - a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;
 - b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
 - c) in the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements:

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of section 227 (4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.



2. As required by section 227(3) of the Act, we report that:
- a) we have 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 proper books of account as required by law have been kept by the Company so far as appears from our examination of those books maintained at Central Accounts Office of the Company at Mumbai, incorporating the statements received from various stations and from Outsourced Agencies including Air India Limited (Holding Company) have been relied upon by us for the purpose of our audit;
 - c) the Balance Sheet, Statement of Profit and Loss dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the Balance Sheet, Statement of Profit and Loss comply with the Accounting Standards referred to in section 211 (3C) of the Companies Act, 1956;
 - e) the Company being a Government Company, as defined in section 617 of the Companies Act, 1956, is exempted from the applicability of the provisions of clause (g) of sub section (1) of section 274 of the Act, vide circular no. 2/5/2001/CV.V General Circular No. 8/2002 dated 22nd March 2001, issued by the Ministry of Law, Justice and Company Affairs;
 - f) as the Central Government is yet to notify Cess Payable under Section 441 A, the reporting requirement Section 227(3)(g) of the Companies Act, 1956, does not arises.
 - g) on the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of section 274 (1)(g) of the Companies Act, 1956.

For and on behalf of
P. M. Agrawal & Associates
Chartered Accountants
(ICAI : Firm's Registration No. 100147W)

Sd/-
P. M. Agrawal
Partner
M No.: 13899

Place : Mumbai
Date : 23 January 2014

**ANNEXURE TO THE AUDITORS' REPORT****(Referred to in Paragraph 1 under the heading of "Report on Other Legal and Regulatory Requirements")**

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) The fixed assets of the Company have been physically verified by the management during the year and no material discrepancies were noticed by the management on such verification.
- (c) During the year the Company has not disposed off any part of its fixed assets.
- ii) Clause 4(ii) of the order is not applicable, as Company is rendering services, which does not require inventories.
- iii) (a) The Company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register required to be maintained under section 301 of the Companies Act, 1956. (b), (c) and (d) clause of (iii) of the Order are not applicable.
- (b) The company has not taken any loans, secured or unsecured from the Companies, firms or parties covered in the register required to be maintained under section 301 of the Companies Act, 1956, except that the Company has been maintaining current account with its holding company M/s. Air India Limited wherein funds were regularly received on 'on account' basis and being adjusted by the Company against value of invoices raised on Air India. The year end balance of Air India Limited is a debit balance of ₹ 1,91,01,493/- (previous year debit balance of ₹ 6,61,12,197/-). (f) and (g) clause of (iii) of the Order are not applicable.
- iv) In our opinion the internal control system needs to be strengthened to make the same commensurate with the size of the Company.
- v) (a) In our opinion there are no particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956, that needs to be entered into the register required to be maintained under that section as Government Companies are exempt as per notification GSR 233, dated 31.01.1978. Thus clause b of (v) of the Order is not applicable.
- vi) The Company has not accepted any deposits from the public and hence compliance with the provisions of Section 58A and 58AA or any other relevant provisions of the Act and the rules framed there under and the directives issued by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other tribunal in respect thereto are either nil or not applicable.
- vii) During the year no internal audit system was carried out by the Internal Audit Department of Air India Limited nor the Company has appointed an Internal Auditors'. In absence of internal audit system, we are unable to comments on its effectiveness.
- viii) We have been informed that the Central Government has not prescribed for maintenance of costs records under clause (d) of section (1) of section 209 of the Companies Act, 1956, in respect of the business activities being carried on by the Company. Hence clause (viii) of the Order is not applicable.
- ix) (a) The Company has been generally regular wherever applicable in depositing with the appropriate authorities the undisputed statutory dues including provident fund, investor education and protection fund, employee's state insurance, income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess and other material statutory dues. There were no arrears as at 31 March 2013 for a period of more than six months from the date they became payable, **except professional tax of ₹ 2,61,488/- (Previous year ₹ 1,13,652/-) and service tax Nil (Previous year ₹ 18,43,111/-)**. Further to the best of our knowledge, the Central Government has till date not prescribed the amount of cess payable under section 441A of the Act, no comments in this respect have been made.



- (b) There are no dues, wherever applicable in case of income-tax, sales-tax, wealth tax, service tax, customs duty, excise duty, cess that have not been deposited with the appropriate authorities on account of dispute;
- x) The accumulated losses of the company at the end of the financial year under report are more than fifty percent of its net-worth and it has not incurred cash losses in the current financial year or in the immediately preceding financial year.
- xi) The Company has not accepted any amount from the financial institutions, banks or debenture holders. Hence, the question of default in repayment of dues does not arise.
- xii) The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Hence, the question of maintenance of adequate documents and records does not arise.
- xiii) The Company is not a chit fund / nidhi / mutual benefit fund / society. Hence, the provisions of this clause are not applicable to the Company.
- xiv) The Company does not deal or trade in shares, securities, debentures and other investments. Hence, provisions of this clause are not applicable to the Company.
- xv) The Company has not given any guarantee for loan taken by other bank or financial institution and hence, provisions of this clause are not applicable to the Company.
- xvi) The Company has not accepted any term loans during the year or in earlier years and there are no term loans outstanding as on the first day of the year. Hence, the provisions of this clause with regards to utilization of term loans for the purpose for which the loans were obtained are not applicable to the Company.
- xvii) The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence, the provisions of this clause are not applicable to the Company.
- xviii) The Company prima facie has not used funds raised on short-term basis for long-term investment.
- xix) The Company has not issued any debentures during the year. Hence, provisions of this clause are not applicable to the Company.
- xx) The Company has not raised any money through public issues during the year.
- xxi) No fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
P. M. Agrawal & Associates
Chartered Accountants
(ICAI : Firm's Registration No. 100147W)

Sd/-
P. M. Agrawal
Partner
M. No. 013899

Place : Mumbai
Date : 23 January 2014

**STATUTORY AUDITOR'S REPORT FOR THE FINANCIAL YEAR 2012-13 AND MANAGEMENT'S COMMENTS THEREON :****Attention is invited to the following Note Nos.**

Para No.	Audit Observations	Management's Comments
17.9	The Company's Net Worth is Negative. The financial statements are prepared on a going concern basis.	Though the Company has been operationalised since 1 st February 2013, the capital infusion by the parent company, transfer of Ground Handling Equipment and business transfer is yet to take place. Once this is done, the situation will be corrected.
17.10	The Company has transactions with holding/ group companies /joint ventures companies. Statement of Profit and Loss under the head other expenses, includes Establishment Support Charges debit Rs.2,09,39,189/- (Previous Year-Rs.2,15,92,034/-) on account of deputation of staff of Air India Limited (Holding Company) to the Company and to that extent, profit for the year is reduced.	Costs relating to AI employees carrying out functions for AIATSL are considered under establishment costs and accordingly expensed in Company books.

**BALANCE SHEET AS AT 31 MARCH 2013****(Amount in Rupees)**

Particulars	Note	As at March 31, 2013	As at March 31, 2012
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	2	500,000	500,000
Reserves and Surplus	3	(24,546,913)	(29,611,110)
		(24,046,913)	(29,111,110)
Non-Current Liabilities			
Long-Term Borrowings		-	-
Long-Term Provisions	4	12,245,402	9,001,635
		12,245,402	9,001,635
Current Liabilities			
Short-Term Borrowings		-	-
Trade Payables	5	55,320,252	65,847,924
Other Current Liabilities	6	63,693,138	90,182,364
Short-Term Provisions	7	4,500,000	190,000
		123,513,390	156,220,288
Total		111,711,879	136,110,813
ASSETS			
Non-Current Assets			
Fixed Assets			
Tangible Assets	8	1	1
Deferred Tax Asset (Net)		67	235,651
Long Term Loans and advances	9	76,055,249	59,901,562
Other Non-Current Assets	10	-	668,150
		76,055,317	60,805,364
Current Assets			
Trade Receivables	11	23,389,580	70,075,126
Cash and Bank Balances	12	11,546,816	3,600,772
Short-Term Loans and Advances		-	-
Other Current Assets	13	720,166	1,629,551
		35,656,562	75,305,449
Total		111,711,879	136,110,813
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 17		

As per our attached report of even date

For and on behalf of

P. M. Agrawal & AssociatesChartered Accountants
(ICAI : Firm's Registration No. 100147W)

Sd/-

P. M. AgrawalPartner
M.No. 13899

Place : Mumbai

Date : 23 January 2014

For and on behalf of the Board

Sd/-

Mr. Rohit Nandan
Chairman

Sd/-

Mr. Sanjiv Dua
Chief of Finance

Place : New Delhi

Date : 20 January 2014

Sd/-

Mr. S. Venkat
Director

Sd/-

Mrs. Poonam Bharwani
Company Secretary



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(Amount in Rupees)

Particulars	Note	As at March 31, 2013	As at March 31, 2012
Revenue:			
I Income from Operations			
Revenue from Handling Services		747,910,876	603,602,050
II Other Income	14	2,184,687	5,460,927
A Total Revenue (I + II)		750,095,563	609,062,977
III Expenses:			
Employee Benefit Expenses	15	562,056,727	428,932,225
Depreciation and Amortization Expense		-	-
Other Expenses	16	177,758,218	176,913,337
B Total Expenses		739,814,945	605,845,562
IV Profit/(Loss) Before Exceptional and Extraordinary Items and Tax	(A - B)	10,280,618	3,217,415
V Exceptional Items/Prior Period Adjustments			
Prior Period Adjustments/Items (Net)		-	(2,204,026)
Prior Period Tax Adjustments (Net)		(480,837)	-
VI Profit/(Loss) Before Extraordinary Items and Tax	(IV - V)	9,799,781	1,013,389
VII Extraordinary Items		-	-
VIII Profit/(Loss) Before Tax	(VI - VII)	9,799,781	1,013,389
IX Tax Expense:			
Current Tax		4,500,000	190,000
Deferred Tax		235,584	3,424,193
X Profit/(Loss) for the period from Continuing Operation	(VIII - IX)	5,064,197	(2,600,804)
Earning per Equity Share:			
Basic & Diluted		101.28	(52.02)
Significant Accounting Policies	1		
Notes to Financial Statements	2 to 17		

As per our attached report of even date

For and on behalf of

P. M. Agrawal & Associates
Chartered Accountants
(ICAI : Firm's Registration No. 100147W)

Sd/-
P. M. Agrawal
Partner
M.No. 13899

Place : Mumbai
Date : 23 January 2014

For and on behalf of the Board

Sd/-
Mr. Rohit Nandan
Chairman

Sd/-
Mr. Sanjiv Dua
Chief of Finance

Place : New Delhi
Date : 20 January 2014

Sd/-
Mr. S. Venkat
Director

Sd/-
Mrs. Poonam Bharwani
Company Secretary

**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013**

(Amount in Rupees)

PARTICULARS	As at March 31, 2013	As at March 31, 2012
A CASH FLOW FROM OPERATING ACTIVITIES		
Net Profit / (Loss) Before Taxation:	9,799,781	1,013,389
(Less)/Add : Adjustment for Non-Cash Items:		
Depreciation	-	-
Prior Period Tax Adjustment	-	-
Preliminary Expenses Written Off	668,150	668,150
Operating (Loss)/Profit before Working Capital changes	10,467,931	1,681,539
(Less)/Add : Provision for Tax	(4,500,000)	(190,000)
Prior Period Tax Adjustment	-	-
Net (Loss)/Profit after tax	(a) 5,967,931	1,491,539
Decrease/ (Increase) in Sundry Debtors	46,685,546	(26,971,904)
Decrease/ (Increase) in Loans & Advances	(15,244,302)	(11,884,136)
(Decrease)/ Increase in Current Liabilities & Provisions	(29,463,131)	40,071,444
Changes in Working Capital	(b) 1,978,113	1,215,404
Net Cash (Outflow) / Inflow from Operations	(A) 7,946,044	2,706,943
B CASH FLOW FROM INVESTING ACTIVITIES	(B) -	-
C CASH FLOW FROM FINANCING ACTIVITIES	(C) -	-
Net increase / (decrease) in Cash & Cash equivalents	(A+B+C) 7,946,044	2,706,943
Opening Balance of Cash & Cash equivalents	3,600,772	893,829
Add : Net increase in Cash & Cash equivalents	7,946,044	2,706,943
Closing Balance of Cash & Cash equivalents	11,546,816	3,600,772

As per our attached report of even date

For and on behalf of

P. M. Agrawal & Associates
Chartered Accountants
(ICAI : Firm's Registration No. 100147W)

Sd/-
P. M. Agrawal
Partner
M.No. 13899

Place : Mumbai
Date : 23 January 2014

For and on behalf of the Board

Sd/-
Mr. Rohit Nandan
Chairman

Sd/-
Mr. Sanjiv Dua
Chief of Finance

Place : New Delhi
Date : 20 January 2014

Sd/-
Mr. S. Venkat
Director

Sd/-
Mrs. Poonam Bharwani
Company Secretary

**NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2013****NOTE 1: SIGNIFICANT ACCOUNTING POLICIES****1.1. Basis of preparation:**

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) companies (Accounting Standards) Rules, 2006 as amended and the other relevant provisions of the Companies Act, 1956.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the schedule VI to the Companies Act, 1956. Based on the nature of operations and the time between the acquisition of assets and their realization in cash and cash equivalents. The Company has ascertained its operating cycle as 12 months for the purpose of current- non current classification of assets and liabilities.

1.2. Fixed Assets and Depreciation:**a. Tangible Assets:**

Tangible Assets are stated at acquisition cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost includes all incidental expenses related to acquisition and installation.

b. Intangible Assets:

Intangible Assets are stated at acquisition cost, net of accumulated depreciation/amortization and accumulated impairment losses, if any. Cost includes all incidental expenses related to acquisition and installation. The amortization period and the method are reviewed at least at each financial year end. If the expected useful life of the assets is significantly different from the previous estimates, the amortization period is changed accordingly.

Depreciation is provided on Written Down Value Method at the rates and in the manner specified in the Schedule XIV of the Companies Act, 1956.

Depreciation on additions to Fixed Assets is provided for the full year in the year of acquisition and no depreciation is provided in the year of disposal.

Assets costing Rs.5,000/- in each case or less, are depreciated fully in the year of purchase, retaining Rs.1/- as residual value in the year of addition, irrespective of date of addition.

1.3. Revenue Recognition:

The revenue is recognized as per terms of relevant agreement and when services are rendered.

1.4. Employee Benefits:

Provident Fund and Family Pension Fund is Recognized and charged to Profit and Loss Account on accrual basis.

Provision for Gratuity and Leave Encashment in respect of all eligible employees is provided on actuarial valuation basis as at the Balance Sheet Date.

**1.5. Current and Deferred Tax:**

Current Tax determined is as per the provisions of the Income Tax Act in respect of Taxable Income for the year. Deferred Tax Liability/Assets are computed as per Accounting Standard [AS-22]. Deferred Tax Asset and Deferred Tax Liability are computed by Applying tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date.

Minimum Alternative Tax credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date.

1.6. Lease:

- i. Lease, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items, are classified, if any, as operating leases. Operating lease payments are recognized as an expense in the profit and loss account on a straight-line basis over the lease term unless there is another systematic basis which is more representative of the time pattern of the Lease.
- ii. Assets given under operating leases, if any, are included in Fixed Assets. Lease income is recognized in the Profit and Loss Account on straight line basis over the lease term, unless there is another systematic basis which is more representative of the time pattern of the Lease.

1.7. Impairment of Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

1.8. Prior Period Items and Extraordinary Items:

Prior period and extraordinary items of Income and Expenditure are reported distinctively and included in determination of net profit or loss for the current period.

1.9. Preliminary/Miscellaneous Expenditure:

Preliminary Expenses are amortized over a period of ten years on straight line basis.

1.10. Contingent Liabilities:

The contingent liabilities are determined on the basis of available information and are disclosed by way of notes to accounts.

1.11. Earning Per Share (EPS):

Basic earnings per share is calculated by dividing the net profit or loss for the period after tax and deducting preference dividend, if any, attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period are adjusted for events, such as bonus shares/share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period after tax and deducting preference dividend, if any, attributable to equity shareholders and the weighted average number of equity shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.



Note 2: SHARE CAPITAL

(Amount in Rupees)

Particulars	As At	
	March 31, 2013	March 31, 2012
Authorised Share Capital		
9,00,00,000 (9,00,00,000) Equity Shares of Rs.10/- each	900,000,000	900,000,000
10,00,000 (10,00,000) Redeemable Preference Shares of Rs.100/- each	100,000,000	100,000,000
TOTAL	1,000,000,000	1,000,000,000
Issued, Subscribed and Paid-up Capital		
50,000 (50,000) Equity Shares of Rs.10/- each fully paid-up (The entire Share Capital is held by Air India, a Company formed under the Companies Act, 1956 and its Nominees)	500,000	500,000
TOTAL	500,000	500,000

a. Reconciliation of the number of equity shares and amount:

(Amount in Rupees)

Particulars	As At March 31, 2013		As At March 31, 2012	
	Number of Shares	Amount	Number of Shares	Amount
Equity Shares:				
Outstanding at the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year	-	-	-	-
Bought back during the year	-	-	-	-
Outstanding at the end of the year	50,000	500,000	50,000	500,000

b. Terms/Rights attached to Equity Shares:

Equity Shares: The Company has Paid-up Capital of ₹ 5 lakhs and has one class of equity shares having a par value of Rs.10 per share. Each shareholder is eligible for one vote per share held. The dividend if any, be paid would be proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend, which will be approved by the Board. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c. Details of Shareholders holding more than 5% equity shares of the Company:

Name of the Shareholders	As At March 31, 2013		As At March 31, 2012	
	Number of Shares	% of Holding	Number of Shares	% of Holding
Air India Limited, the Holding Company and its Nominees	50,000	100	50,000	100

**Note 3: RESERVES & SURPLUS**

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Surplus/Deficit in Statement of Profit and Loss:		
Opening Balance	(29,611,110)	(27,010,306)
Net Profit/(Net Loss) for the current year	5,064,197	(2,600,804)
Closing Balance	TOTAL (24,546,913)	(29,611,110)

Note 4: LONG TERM PROVISIONS

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Provision for employee benefits:		
Gratuity	10,491,199	7,893,697
Leave Encashment	1,754,203	1,107,938
TOTAL	12,245,402	9,001,635

Note 5: TRADE PAYABLES

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Sundry Creditors *	55,320,252	65,847,924
(Note : The above includes ₹ 7,49,329/- (PY ₹ 7,49,329/-) payable to AICL, Company/concern under the same Management within the meaning of sub-section (1B) of Section 370 of the Companies Act, 1956.)		
Micro, Small & Medium Enterprises	-	-
* Are subject to balance confirmation and consequent adjustments.		
TOTAL	55,320,252	65,847,924

Note 6: OTHER CURRENT LIABILITIES

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Other Payables:		
Other Creditors *	501,084	476,060
Salary Payable	45,256,695	70,046,927
Employee Benefits Payable	3,132,327	2,843,614
Earnest Money/Security Deposits	3,180,000	2,080,000
Advance from Contractors Against Performance (Guarantees)	5,955,638	4,123,216
Statutory Dues including Provident Fund and Tax deducted at source	5,667,394	10,612,547
* Are subject to balance confirmation and consequent adjustments.		
TOTAL	63,693,138	90,182,364



Note 7: SHORT TERM PROVISIONS

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Tax Provisions	4,500,000	190,000
TOTAL	4,500,000	190,000

Note 8: FIXED ASSETS

(Amount in Rupees)

Particulars	Gross Block (At Cost)				Accumulated Depreciation				Net Block	
	Balance as at 01.04.2012	Additions	Disposals	Balance as at 31.03.2013	Balance as at 01.04.2012	Deprecia- tion for the year	On Disposals	Balance as at 31.03.2013	Balance as at 31.03.2013	Balance as at 31.03.2012 *
a Tangible Assets										
Computer & Printers	135,323	-	-	135,323	135,322	-	-	135,322	1	1
Total	135,323	-	-	135,323	135,322	-	-	135,322	1	1
Previous Year	135,323	-	-	135,323	135,322	-	-	135,322	1	-

* As on 31st March 2012, the block of assets ceases to exist, but physically exist, hence WDV shown at Re.1/-

Note 9: LONG TERM LOANS & ADVANCES

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
(Unsecured, Considered good):		
Security Deposits	324,000	324,000
Advance Income Tax (Net)	75,652,039	59,498,352
Fringe Benefit Tax/Refund Due (Net)	79,210	79,210
TOTAL	76,055,249	59,901,562

Note 10: OTHER NON-CURRENT ASSETS

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Unamortised Expenses:		
Preliminary Expenses	-	668,150
TOTAL	-	668,150

**Note 11: TRADE RECEIVABLES**

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
(Unsecured, Considered good):		
Outstanding for a period exceeding six months from the date they are due for payment	-	-
Others:		
From Air India -- Holding Company (Net)	1,91,01,493	66,112,197
From AI-SATS Bangalore -- Associate Concern/ Joint Venture Company	4,288,087	3,962,929
Note : The above Debts are due from the Companies/concerns under the same Management within the meaning of sub-section (1B) of Section 370 of the Companies Act, 1956.		
TOTAL	23,389,580	70,075,126

Note 12: CASH & BANK BALANCES

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Cash and Cash Equivalents:		
Cash on Hand	2,861	1,579
Balance with Banks:		
In Current Account	11,543,955	3,599,193
TOTAL	11,546,816	3,600,772

Note 13: OTHER CURRENT ASSETS

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Advances to Employees	6,289	959,263
Professional Tax Recoverable from the Employees	2,138	2,138
Unamortised Expenses:		
Preliminary Expenses	668,150	668,150
Service Tax Input Credit	43,589	-
TOTAL	720,166	1,629,551

Note 14: OTHER INCOME

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Job Recruitment Application Fees	712,925	3,943,855
Notice Period Salary	1,471,762	1,238,300
Sundry Balance Written Back/Off (Net)	-	-
Interest on Income Tax Refund	-	278,772
TOTAL	2,184,687	5,460,927

**Note 15: EMPLOYEE BENEFIT EXPENSES**

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Salaries	535,546,033	408,376,494
Bonus	1,267,926	1,057,136
PF & EDLI Charges	21,083,205	15,856,777
Gratuity	2,597,502	2,209,127
Leave encashment	1,168,681	1,024,270
Staff Welfare	393,380	408,421
TOTAL	562,056,727	428,932,225

Note 16: OTHER EXPENSES

(Amount in Rupees)

Particulars	As At March 31, 2013	As At March 31, 2012
Handling & Operational Expenses	147,208,447	145,726,085
Establishment Support Charges	20,939,189	21,592,034
Recruitment Expenses	4,562,836	5,309,248
Water charges	216,083	158,896
Electricity charges	1,163,969	1,184,145
Communication Expenses	68,400	21,260
Conveyance	323,730	191,866
Rates and Taxes	627,842	213,493
Travelling Expenses	563,103	330,010
Postage & Courier	67,120	30,961
Printing & Stationery	20,261	27,786
Office Maintenance	964,156	461,437
Bank Charges	4,633	1,723
Professional Fees	85,196	724,120
Miscellaneous Expenses	15,103	62,842
Preliminary Expenses Written Off	668,150	668,150
<u>Remuneration to Statutory Auditors':</u>		
Audit Fees (Include previous year fees Rs.50,000/-)	225,000	150,000
Out of Pocket Expenses	10,000	10,000
<u>Remuneration to Tax Auditors':</u>		
Tax Audit Fees	25,000	49,281
TOTAL	177,758,218	176,913,337

**NOTE 17: NOTES TO FINANCIAL STATEMENTS**

17.1 Contingent Liabilities and Commitments as on 31st March 2013 is Nil (Previous year Nil).

17.2 The Company has been rendering Airports Ground Handling Services, including Passenger Handling, Ramp Handling, Security Handling and Cargo Handling during the year for the Holding Company i.e. Air India Limited and Associate Company/ Joint Venture Company, i.e. AI SAT Bangalore.

17.3 Employee Benefits (AS-15)

The benefits to employees are classified as under:

i. Defined Contribution Plan:**a) Provident Fund & Family Pension Fund**

The expenses incurred on account of Provident Fund and Family Pension Fund has been included in Schedule 10 of Employees Cost.

ii. Defined Benefits Plans:

a) Gratuity

b) Leave Encashment

Actuarial Valuation was obtained from the actuary in respect of the aforesaid defined benefit plans, using Projected Unit Credit Method.

As per the Actuarial Valuation, the liability as at 31.03.2013:

(Amount in Rupees)

	As At March 31, 2013	As At March 31, 2012
Gratuity	1,04,91,199*	78,93,697
Leave encashment	17,54,203	11,07,938

* The company has considered future salary growth rate/ salary escalation rate as 5.50% p.a. for the year 2012-13 as compared to the previous year rate of 5% p.a.

iii. a) Gratuity:

Opening and closing difference of ₹ 25,97,502/- (previous year ₹ 22,09,127/-) is debited to Statement of Profit & Loss (Employees Benefit Expenses).

b) Leave Encashment:

(Amount in Rupees)

Opening balance as on 01.04.2012	11,07,938/-
Less: Paid during the year	5,22,416/-
Balance Payable	5,85,522/-
Balance as per Valuation as on 31.03.2013	17,54,203/-
Debited to Statement of Profit & Loss (Employees Benefit Expenses)	11,68,681/-

17.4 Segment Reporting (AS-17)

The Company is engaged in providing Airport ground handling services, thus it has only one reportable segment. Hence no disclosures are required. The Company's activities are within India.

**17.5 Related Party Transactions (AS-18)****a. Related Parties:-**

- i. Holding Company : M/s. Air India Limited
- ii. Other Related Parties:
- a) Associates Concern : M/s Air India SATS – Bangalore
(Joint Venture Company)
- b) Group Company : M/s Air India Charters Limited
M/s Hotel Corporation of India Limited
- iii. Key Management Personnel : Mr. Rohit Nandan, Chairman
- iv. There is no transaction outstanding at the year end with the Key Management personnel and their relatives.

b. Related Party Transactions:-

The Company is owned by Air India Limited and it is a Central Government Company. For the purpose of paragraph 9 of AS 18, the Company would not be required to make any disclosure in its financial statements as regards to related party relationships and transactions.

c. Key Managerial Personnel and Relatives:

- i. There are no transactions with key managerial personnel.
- ii. No remuneration and perquisite to relatives of any Board of Directors.
- iii. No loans or credit transactions were outstanding with directors or officers of the Company or their relatives at the end of the year which are required to be disclosed.

d. Transactions during the year:**(Amount in Rupees)**

Particulars	Air India Limited (Holding Company)
i. Revenue from Handling Services	69,93,31,652
ii. Handling and Operational Expenses	51,24,86,823
iii. Establishment Support Charges	2,09,39,189
iv. Receivable (Net) as on 31.03.2013	1,91,01,493

17.6 Earning Per Share:

Sr. No.	Particulars	2012-13	2011-12
i.	Net Profit/ (Loss) for the year (₹)	50,64,197	(26,00,804)
ii.	No. of Equity Shares	50,000	50,000
iii.	Nominal Value per Share (₹)	10	10
iv.	Basic and Diluted EPS (₹) per share (Loss)	101.28	(52.02)

17.7 Deferred Tax Liability:

Opening Deferred Tax Assets (B/S.)	₹ 2,35,651/-
Closing Deferred Tax Assets (B/S.)	₹ 67/-
Debited to Profit & Loss A/c.	₹ 2,35,584/-



17.8 In the opinion of the Board, Current Assets are approximately of the value stated are realizable in the ordinary course of business and provisions for all known Current Liabilities/expenses are adequate, except otherwise stated.

17.9 The Company's Net Worth is Negative. The financial statements are prepared on a going concern basis.

(Amount in Rupees)

	As At March 31, 2013	As At March 31, 2012
Share Capital	5,00,000	5,00,000
Reserves & Surplus (Dr.)	(2,45,46,913)	(2,96,11,110)
	(2,40,46,913)	(2,91,11,110)
Add: Preliminary Expenses (Dr.)	(6,68,150)	(13,36,300)
Negative Net Worth	(2,47,15,063)	(3,04,47,410)

17.10 The Company has transactions with holding/group companies/joint ventures companies. Statement of Profit and Loss under the head other expenses, includes Establishment Support Charges debit ₹ 2,09,39,189/- (Previous Year ₹ 2,15,92,034/-) on account of deputation of staff of Air India Limited (Holding Company) to the Company and to that extent, profit for the year is reduced.

17.11 There are no Micro, Small and Medium Enterprises to whom company owes dues, which are outstanding for more than 45 days as on March 31, 2013. Information as required to be disclosed under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

17.12 There had been no earnings or outgo in Foreign Currencies during the year.

17.13 Information pursuant to Part II and Part III of Schedule VI to the Companies Act, 1956 have been complied with, wherever applicable. In other cases it is either nil or not applicable.

17.14 Previous year figures have been regrouped wherever necessary. Paise have been rounded off to the nearest rupee.

As per our attached report of even date

For and on behalf of

P. M. Agrawal & Associates

Chartered Accountants

(ICAI : Firm's Registration No. 100147W)

Sd/-

P. M. Agrawal

Partner

M.No. 13899

For and on behalf of the Board

Sd/-

Mr. Rohit Nandan

Chairman

Sd/-

Mr. Sanjiv Dua

Chief of Finance

Sd/-

Mr. S. Venkat

Director

Sd/-

Mrs. Poonam Bharwani

Company Secretary

Place : Mumbai

Date : 23 January 2014

Place : New Delhi

Date : 20 January 2014