



VAYUDOOT LIMITED





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BOARD OF DIRECTORS (AS ON 31.01. 2014)

Shri Rohit Nandan **Chairman**

Shri S. Venkat

Dr. (Smt.) Shefali Juneja

Smt.. Puja Jindal

Auditor

M/s. Dhruv Aggarwal & Company
Chartered Accountant
Local Shopping Complex, Plot No.-5,
BN Block (W), 2nd Floor, Adjoining Karnataka Bank,
Shalimar Bagh (west),
New Delhi-110 088.

Registered Office

Safdarjung Airport
New Delhi-110 003

**DIRECTOR'S REPORT**

The Directors have pleasure in presenting the Thirty Second Report together with the company's audited statement of accounts for the year ended 31 March 2013.

MERGER OF THE COMPANY WITH THE INDIAN AIRLINES LTD. (now AIR INDIA LTD.)

Ministry of Civil Aviation, Government of India, vide its letter dated 25th May, 1993 conveyed its decision to merge the company with the erstwhile Indian Airlines Ltd, now amalgamated with NACIL effective 27th August, 2007. Consequently, the entire shareholding of the company is being held by NACIL now AIR INDIA LTD. The company therefore is a wholly owned subsidiary of AIR INDIA LTD. During the year, the company did not undertake any flight operations as it's operations were transferred to erstwhile NACIL now AIR INDIA LTD. 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. 9.13 lacs mainly on account of loss of foreign currency exchange rates depreciation and audit fee etc. The loss for the year was Rs. 9.13 lacs.

2. CAPITAL STRUCTURE

The issued, subscribed and paid up capital of the company as on 31st March, 2013 was the same as that in the previous year i.e. 36.42 crores being 3,64,200 fully paid up equity shares of RS. 1000/- each held by AIR INDIA LTD. There has been no change in the capital structure of the company since 1993-94.

3. MANPOWER

Consequent to the merger decision, the employees of the company were absorbed in (erstwhile Indian Airlines & Air India) AIR INDIA LTD. The total manpower strength of the company as on 31.3.2013 was nil as against nil as at 31.3.2012.

4. 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.

5. DIRECTORS' RESPONSIBILITY REPORT

Yours Directors confirm:

- i) that in the preparation of accounts for the period ended 31st March, 2013 the applicable Accounting Standards has 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 asserts of the Company and preventing and detecting fraud and other irregularities,
- iv) that consequent to the decision of the Government of India in May, 1993 to merge the company with the erstwhile Indian Airlines Ltd, now Air India Ltd., 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 been revalued and the accounts for the period 31st March, 2013 had been prepared accordingly.

**6. 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, Dr. Shefali Juneja, Ms. Puja Jindal and Sh. S. Venkat. During the year 2012-13 one committee meeting was held on 23rd December, 2013.

7. STATUTORY AUDITORS

The Comptroller & Auditor General of India, has appointed M/s. Dhruv Aggarwal & Co., Chartered Accountants as Statutory auditors for the year 2012-13.

8. REPLY TO REMARKS OF STATUTORY AUDITORS

The Board has noted the remarks of Auditors contained in their Report dated 23rd December, 2013. Director's reply to the Auditors Report is annexed.

9. COMPTROLLER AND AUDITORS GENERAL OF INDIA

The accounts for the year ended 31st March 2013 were submitted to the Comptroller & Auditor General of India (CAG) for the comments. The CAG vide their letter No. GAP/AAI/A/cs/6-18/2013-14/722 dated 23.01.2014 conveyed that they have decided not to review the report of the Statutory Auditors on the Accounts of Vayudoot Ltd. for the year ended 31st March 2013 and as such have no comments to make u/s 619(4) of the Companies Act, 1956.

10. BOARD OF DIRECTORS

During the year, the Board of Directors held four meetings. The present Board consists of following Directors:-

- | | | |
|----|---|----------|
| 1. | Shri Rohit Nandan
Chairman & Managing Director,
AIR INDIA LTD. | Chairman |
| 2. | Shri. S. Venkat
Director Finance
AIR INDIA LTD. | Director |
| 3. | Dr. (Smt.) Shefali Juneja,
Director, Finance
Ministry of Civil Aviation | Director |
| 4. | Smt. Puja Jindal,
Director
Ministry of Civil Aviation | Director |

11. ACKNOWLEDGEMENT

The Board places on record its appreciation to Shri Vipin K. Sharma for his valuable contribution, support/guidance during his tenure as a member of the Board.

The Board sincerely acknowledges the assistance and continued support given by the Ministry of Civil Aviation, Comptroller & Auditor General of India, Ministry of Corporate Affairs and other agencies.

For and on behalf of the Board
Sd/-
Rohit Nandan
Chairman

Place : New Delhi
Date : 31 January 2014



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 2013

The preparation of financial statements of **Vayudoot Limited** 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 December 2013.

I, on behalf of the Comptroller and Auditor General of India, have decided not to review the report of the Statutory Auditor's on the accounts of **Vayudoot Limited** 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 behalf of the
Comptroller and Auditor General of India

Sd/-

(Vimlendra Patwardhan)
Principal Director of Commercial Audit
& Ex-officio Member, Audit Board-I, New Delhi

Place : New Delhi
Date : 23 January 2014



REPORT OF THE AUDITORS TO THE MEMBERS OF VAYUDOOT LIMITED

Report on the Financial Statements

1. We have audited the accompanying financial statements of **VAYUDOOT LIMITED** which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position and financial performance of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 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

3. 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.
4. 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.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

- i. ***Preparation of accounts on going concern basis, inspite of the proposed merger of the Company with Indian Airlines Limited, (now Air India Limited):***

The Ministry of Civil Aviation vide its letter no. AV.18013/44/92-ACVL dated 25th May, 1993 had decided that Vayudoot Limited should be merged with Indian Airlines Limited (now merged with Air India Limited). As a follow up measures, the entire shareholdings of Air India Limited amounting to Rs. 18.21 crores has since been transferred to Indian Airlines Limited making the Company a wholly owned subsidiary of Indian Airlines Limited (now Air India Limited)

Five years moratorium on dues owned by Vayudoot Limited and debt servicing thereof on dues owned to all Government/Public Sector Undertakings/Banks had been placed. This moratorium was further extended for another two years till 25th May, 2000 vide Ministry of Civil Aviation Notification No. AV.18030/3/97-ACIA dated 3rd June, 1999 and further extended upto 30th September, 2006 vide letter no. AV 18030/3/97-ACIA dated 28th July, 2006. As such the interest liabilities on loans taken by the Company has not been provided in the accounts.

Pending completion of legal formalities related to the merger, the Company remains as a "Shell Company", as on date. The Company has no flight operations nor is undertaking any other activity since April, 1997. The Company, as such, is not a going concern: as per the Government Order related to the merger, the assets and liabilities of the Company are reflected as per book value and



no adjustments have been made. The Net realizable value of the assets has neither been calculated nor ascertained. Disclosure in this regard has been made in Note No. 1.1 of Accounting Policies.

- II. Ministry of Civil Aviation, Govt. of India issued notification No. AV 18030/3/97-ACIA (Vol. IV) dt. 17th January, 2005 and Office Memorandum dt. 21st February, 2005 in respect of scheme of merger of Vayuodot Limited with Indian Airlines Limited As per these notification a one-time non-plan budgetary assistance of Rs. 1383075560/- has been granted to M/s Indian Airlines to clear some of the dues in full and final settlement of their claims detailed hereunder:

a)	Hindustan Aeronautics Ltd.	Rs. 1,14,70,00,000.00
b)	Oil & Natural Gas Commission	Rs. 7,88,28,767.00
c)	Oil Companies	Rs. 8,99,92,000.00
d)	Banks	Rs. 4,37,54,793.00
e)	Others	Rs. 2,35,00,000.00
Total		Rs. 1,38,30,75,560.00

- III. Further vide the above stated notification and also office memorandum dt. 21.02.2005, Ministry of Civil Aviation have issued directions for write off various outstanding liabilities detailed as under:

SLNo	Name of the Party	Nature of Liability	Amount (Rs.)
1	Indian Airlines	Unsecured Loan, accrued interest & other payables	691563232
2	Air India	Unsecured loan with Accrued interest	170637210
3	IAAI	Unsecured loan with Accrued interest	77016052
4	National Airport Authority		148660130
5	Ministry of Civil Aviation	Unsecured loan with Accrued interest	159668187
6	IATT	Other Liabilities	31043247
TOTAL			1278588058

The liabilities above except amount payable to National Airport Authority (written back in 2005-06), continue to be reflected at the original book values. (Note. No. 1.1, 2.03(b), 2.04(b), 2.05(a), 2.05(b)(iii).

- IV. As per Accounting Policy No. G stated in Note 1, relating to warranty claims and interest recoverable, the impact of the same has not been ascertained (Non Compliance of AS-9).
- V. In absence of non - reconciliation / confirmation of various balances of parties outstanding in Debit / credit & provisions of expenses, the correctness of same cannot be commented upon.
- VI. Fixed Assets held for disposal have been valued at book value as against lower of realizable value or book value in the absence of ascertainment of realizable value of the same (non-compliance of AS-10).
- VII. Note No. Schedule 2.06 : Fixed Assets:
- a. This includes Fixed Assets transferred from erstwhile Agro Aviation Division at a nominal value of Rs. 1/-. The value of assets of Rs.1/- is not a fair value of these assets and not in consistence with AS-10 of the Institute of Chartered Accountants of India relating to Accounting for Fixed Assets. (Non compliance of AS-10). Impact of the same is not ascertainable in the absence of details of fair market value.



- b. **Attention is also drawn to Note no. 2.06(b) regarding operation of Vayudoot's Aircraft by IAL and incurring all expenditure on maintenance of these Aircraft including transfer of these aircraft to NACIL (IAL) at WDV in the financial year 2009-10.**

VIII. Note. 2.10: Short Term Loans & Advances

This includes loans and advances of Rs.1179950/- (P.Y. Rs.1179950/-) which have been considered good by the Company. In absence of any confirmations from the parties, it is not possible to comment upon the classification & correctness of these loans and advances.

Qualified Opinion

*In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matter described in the Basis for Qualified Opinion paragraph**, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:*

- a) *in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;*
b) *in the case of the Profit and Loss Account, of the LOSS for the year ended on that date.*

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure "A", a statement on the matters specified in paragraphs 4 and 5 of the Order.
7. 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
- c) The Balance Sheet and 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 and the Profit & Loss Account dealt with by this report do not comply with the Accounting Standards referred to in Section 211(3c) of Companies Act, 1956. *Such non compliance has been reported in respective paragraphs above.*
- e) As per the information & explanation given to us, in view of the Gazette notification no. GSR 829 (E) dt. 21.10.2003 issued by the Central Govt. the Govt. Companies are exempt from applicability of the provision of Section 274 (1) (g) of the Companies Act, 1956..
- f) Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For and on behalf of
Dhruv Aggarwal & Co.
Chartered Accountants
FRN. : 005469N

Sd/-
(Tilak Raj Chawla)
Partner
M.No.: 095619

Place : New Delhi
Date : 23 December 2013

**ANNEXURE TO THE AUDITORS' REPORT**

Referred to in paragraph 1 of our Report of even date on the Accounts for the year ended 31 March 2013 of Vayudoot Limited

1. a) The Company has maintained records showing full particulars including, quantitative details and situation of fixed assets. However, Fixed Assets Register had not been maintained, as per requirement of Section 205 and 350 of the Companies Act, 1956 as opening balance, quantity, location, original cost, depreciation were not stated in the same except in respect of aircrafts, aircrafts engines and vehicles for which the Fixed Assets Register is maintained in which these particulars were available.
- b) *The Company does not have its own policy for physical verification of Fixed Assets owned by the Company. In the absence of relevant records in the Fixed Assets Register, we are unable to comment about the availability of Fixed Assets as items stated in Schedule of Fixed Assets as on 31-03-2013 except for Aircrafts and Engines. However, in the absence of proper fixed assets register, the discrepancies, if any, remain unascertained. Majority of these assets are stated to be used by M/s Indian Airlines Limited (now Air India Limited).*
- c) No fixed assets have been disposed off during the year which could effect the Company as a going concern.
- 2 As per the information & explanation given to us, entire stock of stores & spares is in the custody of Indian Airlines Limited (now Air India Limited). *Physical verification if any would have been conducted by them. No records in this regard are available with the Company. In the books of accounts 100% provision has already been made towards obsolescence.*
3. a) The Company has not granted any loans secured or unsecured to companies, firms or other parties required to be listed in the register maintained u/s 301 of the Companies Act, 1956. The Company has outstanding unsecured loan from four parties aggregating Rs. 40.72 crores.
- b) In respect of rate of interest and other terms and conditions of the deposits taken by the Company attention is invited to Note No. 1.1 and our observations in main audit report.
- c) The Company is only a shell Company awaiting legal merger with IAL (Now Air India Limited) all the liabilities as per the terms of the merger are to be discharged by Air India Limited
4. Since the Company is not carrying on any business and there has been no transaction for purchase of inventories and fixed assets and for sale of goods, the provision of the para regarding internal control procedures is not applicable during the year.
5. According to the information and explanation given to us, the Company has not made any transactions of purchase of goods and materials and sale of goods, materials or services which are required to be entered in the register maintained under section 301 of the Companies Act, 1956.
6. According to the information and explanation given to us the Company did not accept deposit from the public and as such provisions of this para are not applicable.
7. The Company does not have any internal audit system.
8. The Central Government has not prescribed the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 for any of the products of the Company.



9. The Company has since stopped the business operation with effect from 01.04.1997 and accordingly Company is not required to deposit with appropriate authorities undisputed dues including provident fund, employee State Insurance, Sales Tax, Income Tax, Service Tax, Custom Duty and other applicable material statutory dues.
 - a) According to the information and explanation given to us, no undisputed amount payable in respect of Income Tax, Sales Tax, Custom Duty, Cess, Service Tax and other applicable material statutory dues were in arrears at 31.03.2013 for a period of more than six months from the date they became payable.
 - b) According to the information and explanation given to us, there are no dues of Income Tax. Wealth Tax, Sale Tax, Custom Duty and Cess, Service Tax and other applicable material statutory dues which have not been deposited on account of any dispute.
10. The accumulated losses of the Company at Rs. 258.17 crores far exceed the net worth of the Company. The Company has not been carrying on any business since 1.4.1997. Company has incurred cash losses in the year under audit and also in the immediate preceding year.
11. The Company has not granted any loans and advances on the basis of any security by way of pledge.
12. Provision of clause 4 (xiii) regarding Chit Fund is not applicable.
13. The Company is not dealing in or trading in shares/securities and debentures and other investments. Accordingly clause 4 (xiv) is not applicable.
14. As per the information and explanations given to us the Company has not given any guarantee for loans taken by others from bank or financial institutions.
15. During the year the Company did not take any loan. The Company has since stopped its business operations with effect from 1.4.1997, therefore the utilization of term loans taken prior to that period cannot be commented upon.
16. The government of India vide its order dated 25.5.1993 passed the order of merger of the Company with Indian Airlines Limited and moratorium was placed. The assets and liabilities are outstanding for quite a long time. Therefore we are not in a position to give our comments on utilization of funds.
17. The Company has not made any allotment of shares during the year.
18. Provisions of clause of 4(xix) in respect of debentures is not applicable.
19. Provisions of clause of 4 (xx) regarding end use of money raised by public issue is not applicable.
20. As per the information and explanation given to us no case of any fraud on or by the Company has been noticed or reported during the year.

For and on behalf of
Dhruv Aggarwal & Co.
Chartered Accountants
FRN. 005469N

Sd/-
(Tilak Raj Chawla)
Partner
M.No. 095619

Place : New Delhi
Date : 23 December 2013

**DIRECTOR'S REPLY TO THE AUDITORS REPORT ON BALANCE SHEET AS ON 31 MARCH 2013 AND PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED ON THAT DATE.**

The Board of Directors have gone through the Auditors Report on the Balance Sheet as on 31 March, 2013 and the Profit & Loss for the year ended on that date. The Board's replies to the Auditor's comments given in the said report are as under:

Auditor's Comments Vide para no.	Management Replies
5(I)	In view there being no operation for several years, it is a statement of fact that the subject company is not a going concern. Consequent to the decision of Govt. of India in May, 1993 to merge the company with erstwhile Indian Airlines Ltd., now air India, the formalities related to merger are completed and implemented which is expected shortly.
5(II) & (III)	The legal formalities of Merger with NACIL (erstwhile Indian Airlines) now Air India Ltd. is expected to be completed in the year 2013-14. On completion of Legal formalities necessary action will be taken by NACIL now Air India Ltd.
5(IV)	This is in accordance with the Accounting Policy of the company being followed consistently over the years.
5(V)	The balances of parties outstanding in Debit/Credit are in correspondence with regard to reconciliation.
5(VI)	The Assets & Liabilities of the company are reflected as per book value after making necessary provisions for depreciation, doubtful debts etc. as per company law provisions and accounting policies. The Flight operation of the company were discontinued effective 1 April, 1997 and ti is not undertaking any commercial activity. Therefore, revaluation of assets and liabilities have not been carried out and accounts are being prepared on going concern basis.
5(VII)(a)	This is in accordance with the decision of the Government of India. Since, no valuation was available when these assets were transferred nominal value of Rs. 1 was considered. More over the aircraft/Helicopters of the Agro Aviation Division were disposed off in 2002-03 and as directed by the Government, equity shares were issued by Indian Airlines to the Government of Inda for the entire sale proceeds.
5(VII)(b)	The company is not undertaking any commercial activity. The Vayudoot aircraft were operated by NACIL now Air India and expenditure for their operations and maintenance of the fleet is being incurred by NACIL now Air India. NACIL Board in its 14 Meeting held on 3 August, 2008 has accorded approval to phase out these aircraft. Accordingly, aircraft together with engines have been transferred to NACIL now Air India Ltd.
5(VIII)	The management is of the view that the loans and advances as reflected are generally recoverable.

Referring to the annexure to the Auditor's Report, the comments are self explanatory and are in the nature of statutory requirement. However, our comments wherever required are as under:

Para(1)(a,b&C)	The points have been noted. A separate register is being maintained for each year showing full detail. Regarding physical verification, a committee has been formed for ascertaining the physical position of the assets. The task is in progress.
Para(2)	Since the flight operations have been transferred to IAL now Air India, such records are maintained by them
Para (7)	Consequent to the merger decision, the company has discontinued its flight operation and did not undertake any commercial acitivity. There are only few entries passed at Hqrs. As such, the Management is of the view that internal audit is not required.
Para (10)	The Management of the view that company has not incurred any cash loss during the year under review. The audit fee is payable in the terms of C&AG letter and the depreciation is not considered as cash loss.

For and on behalf of the Board of Directors

Sd/-
(A. JAYACHANDRAN)
DGM (Finance)

Place : New Delhi
Date : 23 December 2013



BALANCE SHEET AS AT 31 MARCH 2013

(Amount in Rupees)

Particulars	Notes	As at 31 March 2013	As at 31 March 2012
Equities and Liabilities			
Shareholders' funds			
Share capital	2.01	364,200,000	364,200,000
Reserves and surplus	2.02	(2,546,323,551)	(2,545,410,341)
		(2,182,123,551)	(2,181,210,341)
Current liabilities			
Short Term Borrowings	2.03	407,200,000	407,200,000
Trade payables	2.04	1,625,855,060	1,625,314,387
Other current liabilities	2.05	168,506,851	168,506,851
		2,201,561,911	2,201,021,238
TOTAL		19,438,360	19,810,897
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	2.06	2,727,991	3,100,528
		2,727,991	3,100,528
Current assets			
Inventories	2.07		
Trade receivables	2.08	15,530,419	15,530,419
Cash and bank balances	2.09	-	-
Short-term loans and advances	2.10	1,179,950	1,179,950
		16,710,369	16,710,369
TOTAL		19,438,360	19,810,897
Significant Accounting Policies	1 & 2		

Notes Referred to above form an integral part of the Accounts.
As per our report of even date attached

For and on behalf of
For Dhruv Aggarwal & Co.
Chartered Accountants
FRN. 005469N

For and on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Sd/-
Shefali Juneja
Director

Sd/-
Tilak Raj Chawla
Partner
MN. - 095619

Sd/-
A. Jayachandran
DGM (Finance)

Place : New Delhi
Date : 23 December 2013



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

(Amount in Rupees)

Particulars	Notes	2012-13	2011-12
Income			
Revenue from operations	2.11	-	-
Total income		-	-
Expenses			
Employee benefit expense	2.12	-	-
Depreciation and amortisation expense	2.13	372,537	372,537
Other expenses	2.14	540,673	658,152
Total expenses		913,210	1,030,689
Profit before tax		(913,210)	(1,030,689)
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit for the year		(913,210)	(1,030,689)
Earnings per share (face value of Rs. 1000 per share)	2.15		
Basic		(2.51)	(2.83)
Diluted		(2.51)	(2.83)
Significant Accounting Policies	1 & 2		

Notes Referred to above form an integral part of the Accounts.
As per our report of even date attached

For and on behalf of
For Dhruv Aggarwal & Co.
Chartered Accountants
FRN. 005469N

For and on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Sd/-
Shefali Juneja
Director

Sd/-
Tilak Raj Chawla
Partner
MN. - 095619

Sd/-
A. Jayachandran
DGM (Finance)

Place : New Delhi
Date : 23 December 2013



NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON 31 MARCH 2013

NOTE "1": BACK GROUND & SIGNIFICANT ACCOUNTING POLICIES

1.1 BRIEF BACK GROUND OF THE COMPANY

Merger of Vayudoot Ltd. with Indian Airlines Ltd. (now Air India Ltd.):-

The Government of India, Ministry of Civil Aviation vide its letter No. AV.18013/44/92-ACVL dated 25th May, 1993 conveyed its decision to merge the company with Indian Airlines Ltd. (IAL). The Government also decided that :-

- a) The Equity share of the company held by Air India Limited will be transferred to IAL for a token consideration
- b) There will be a moratorium on the dues and servicing of dues owed to Government, Public Sector Undertakings and banks for a period of five years and there after the dues will be discharged by IAL in ten annual installments. In case of delay in payment of installment, interest at the bank rate prevailing at that time would be payable.
- c) Pending completion of legal formalities of merger, the company will be retained as a clearly identifiable separate division of IAL.

Consequent to the above decision of the Government of India :-

- i) The entire shareholding of Air India Ltd. amounting to Rs. 18.21 crores were transferred to IAL for Re 1/- thus, making the company a wholly owned subsidiary of IAL under its direct administrative control.
- ii) The employees of the company were absorbed in Indian Airlines Ltd. and Air India Limited.
- iii) The flight operations of the company were discontinued effective from 1st April, 1997 and it is not undertaking any commercial activity. The company, thus is remaining as a "shell" company awaiting the legal merger with IAL. As such, the company is not a going concern. The assets and liabilities of the company are reflected as per the book value, after making necessary provision for depreciation, doubtful debts etc. as per the Company law provisions and accounting policies. In view of the same, revaluation of assets and liabilities have not been carried out and the accounts are being prepared on going concern basis.

CURRENT STATUS OF MERGER & MORATORIUM

- iv) The Initial moratorium of five years on dues / servicing was further extended vide notification No. AV.18030/3/97 dated 3rd June, 1999 upto 24th May, 2000 and further extended vide notification No. AV.18030/3/97-ACIA(VOL.IV) dated 17th Jan, 2005 upto 31st March, 2005 and further extended Vide letter No. AV.18030/3/97-IA dated 28th July, 2006 upto 30th Sept, 2006.
- v) Government of India, Ministry of Civil Aviation vide Notification No. AV.18030/3/97-ACIA (VOL.IV) dated 17th Jan, 2005 conveyed Government's decision to approve in principle one time non-plan budgetary assistance of Rs. 138,30,75,560/- to Indian Airlines Ltd. to clear the dues of the following creditors in full and final settlement of their claims:-

a) Hindustan Aeronautics Limited	Rs.114,70,00,000
b) Oil & Natural Gas Commission	Rs. 7,88,28,767
c) Oil Companies	Rs. 8,99,92,000
d) Banks	Rs. 4,37,54,793
e) Others	Rs. 2,35,00,000
TOTAL	Rs. 138,30,75,560

The Govt. has released the funds of Rs. 138,30,75,560/- in two phases to Indian Airlines Ltd., out of which payment of Rs. 135,48,55,835/- was made by them. The related balances on this account have been transferred to IAL Account.



- vi) Further, vide the above notification and also office memorandum No. AV.18030/3/97-ACIA (VOL IV) dated 21st Feb, 2005, Government of India, Ministry of Civil Aviation conveyed Government's decision to Indian Airlines Ltd. to write off the dues amounting to Rs. 127,85,88,058/- in respect of the following creditors:-

a) Indian Airlines Ltd.	Rs. 69,15,63,232
b) Air India	Rs. 17,06,37,210
c) IAAI	Rs. 7,70,16,052
d) National Airport Authority	Rs. 14,86,60,130
e) Ministry of Civil Aviation	Rs. 15,96,68,187
f) IATT	Rs. 3,10,43,247
TOTAL	Rs. 127,85,88,058

The liability in respect National Airport Authority was written back in FY 2005-06. The balance amounts of the loans/ interest payable & other payables continue to be reflected at the book value. Necessary action in regard to above notifications of Government of India have not been taken pending completion of legal formalities of merger and shall be taken in the books of merged entity.

1.2 SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting:-

The accounts have been prepared on historical cost basis.

B. Depreciation:-

- (i) Depreciation on fixed assets has been charged on straight line method. The depreciation on the assets acquired before 2nd April, 1987 has been charged keeping in view the expected useful life of the various assets as approved by the Board of Directors of the company in its meeting held on 18th April, 1981. In case of aircraft and aircraft engines, the residual value after the expected working life is taken at 10% of the costs whereas, in case of other fixed assets, the residual value is taken at 5% of the cost. Consequent upon amendment of the Companies Act, 1956, by the Companies Amendment Act, 1988, depreciation on assets acquired after 2nd April, 1987 has been charged at the rates prescribed in Schedule XIV of the Companies Act, 1956 as amended from time to time.
- (ii) Depreciation rates followed by the Company for assets acquired before 2nd April, 1987 are shown hereunder:-

Depreciation of Assets	Rates for Assets Acquired before 2 nd April, 1987
Aircraft	7.5%
Aircraft Engine	7.5%
Motor Vehicle	19%
Ground Support Equipment	19%
Furniture & Fixture	9.5%

- (iii) No depreciation is provided on assets of Agro Aviation taken in the books at a nominal value of Re. 1/-.
- (iv) Depreciation on the assets in the nature of plant and machinery costing Rs. 5,000/- & below has been provided at 100% in the year of purchase itself.

C. Valuation of Stores & Spares:-

Stores and Spares are valued at cost on first-in-first out basis. Provision for obsolescence of aircraft stores and spares is made upto 100% of the value of Stores and Spares.

**D. Prior Period Expense/Income:-**

Transactions relating to earlier period in respect of individual items of expenditure/income exceeding Rs. 10,000/- are accounted for under 'Prior Period Adjustment Account' in the Profit & Loss Account.

E. General Stores, Consumables & Oil:-

General Stores and Consumables are charged to the Profit & Loss account at the time of purchase.

F. Insurance Claims:-

Claims recoverable including Lay-up refunds from insurance companies exceeding Rs. 1,00,000/- are accounted for on accrual basis.

G. Warranty Claims and Interest Recoverable:-

Warranty claims and interest recoverable from ticketing agents and others on delayed payments are accounted for on actual receipt basis.

H. Provision for Doubtful Debts:-

Provision for doubtful debts is made where the Company has filed a suit in court or on debts which have become time barred, whichever is earlier.

I. Gratuity:-

Gratuity liability has not been provided for by the company since it is accounted for on cash basis. The amount of gratuity liability has not been ascertained. However, subsequent to merger notification all the employees have been absorbed by Indian Airlines Ltd./Air India Ltd. now Air India Ltd. and the gratuity liability of the employees for their service with Vayudoot Ltd. is being borne by the respective companies.

J. Subsidy/Grant:-

Subsidy / Grant-in-aid is accounted for on receipt basis.

As per our report of even date attached

For and on behalf of
For Dhruv Aggarwal & Co.
Chartered Accountants
FRN. 005469N

For and on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Sd/-
Shefali Juneja
Director

Sd/-
Tilak Raj Chawla
Partner
MN. - 095619

Sd/-
A. Jayachandran
DGM (Finance)

Place : New Delhi
Date : 23 December 2013



NOTE “2.01” : SHARE CAPITAL

(Amount in Rupees)

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	Amount	Number of shares	Amount
Authorised				
Equity shares of Rs.1000 each	500,000	500,000,000	500,000	500,000,000
TOTAL	500,000	500,000,000	500,000	500,000,000
Issued, subscribed and paid up				
Equity shares of Rs. 1000 each fully paid up				
At the beginning of the year	364,200	364,200,000	364,200	364,200,000
Add: Issued during the year	-	-	-	-
At the end of the year	364,200	364,200,000	364,200	364,200,000
TOTAL	364,200	364,200,000	364,200	364,200,000

2.01(a) Details of shares held by holding company.

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Air India Limited	364,200	100.00	364,200	100.00

2.01(b) Details of shareholders holding more than 5% shares of the Company

Name of the shareholder	As at 31 March 2013		As at 31 March 2012	
	Number of shares	% holding in the class	Number of shares	% holding in the class
Air India Limited	364,200	100.00	364,200	100.00

2.01(c) The reconciliation of the number of shares outstanding and the amount of share capital as at March 31, 2012 and March 31, 2011 is set out below :

(Amount in Rupees)

Particulars	As at 31 March 2013		As at 31 March 2012	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	364,200	364,200,000	364,200	364,200,000
Add: Issued during the year	-	-	-	-
Number of Share at the end	364,200	364,200,000	364,200	364,200,000



NOTE “2.02” : RESERVES AND SURPLUS

(Amount in Rupees)

Particulars	As at 31 March 2013	As at 31 March 2012
a) Capital Reserve*	35,438,127	35,438,127
b) (Deficit)/ surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(2,580,848,468)	(2,579,817,779)
Add/ (less): Profit/ (loss) for the year	(913,210)	(1,030,689)
	(2,581,761,678)	(2,580,848,468)
TOTAL	(2,546,323,551)	(2,545,410,341)

* Capital Reserve represents the proceeds on account of insurance claims over and above the book value of the aircraft that crashed during 1988-89 and 1989-90.

NOTE “2.03” : SHORT TERM BORROWINGS

(Amount in Rupees)

Particulars	As at 31 March 2013	As at 31 March 2012
Unsecured		
- from a bank	-	-
- from Holding company *	250,000,000	250,000,000
-from others		
International Airport Authority of India	55,000,000	55,000,000
Ministry of Civil Aviation	102,200,000	102,200,000
TOTAL	407,200,000	407,200,000
* The details of loans from Holding company are as under :		
Air India Limited	150,000,000	150,000,000
From Erstwhile Indian Airlines Limited. (now merged with Air India Limited)	100,000,000	100,000,000
TOTAL	250,000,000	250,000,000

2.03 (a) The outstanding balances are subject to reconciliation and confirmation.

2.03 (b) Government of India, Ministry of Civil Aviation vide notification no. AV.18030/3/97-ACIA (VOL.IV) dated 17-1-2005 and vide office memorandum dtd. 21-02-2005 conveyed government's decision to India Airlines Limited to write off the dues amounting to Rs. 127,85,88,058/- which included unsecured loans as under:

(Amount in Rupees)

Air India Limited	150,000,000	150,000,000
From erstwhile Indian Airlines Limited (now merged with Air India Limited)	100,000,000	100,000,000
International Airport Authority of India	55,000,000	55,000,000
Ministry of Civil Aviation	102,200,000	102,200,000

Pending completion of legal formalities of merger, no action has been taken in regard to above notification of Government of India in the books of the company.



NOTE “2.04” : TRADE PAYABLE

(Amount in Rupees)

Particulars	As at	As at
	31 March 2013	31 March 2012
Trade Payable	1,625,855,060	1,625,314,387
TOTAL	1,625,855,060	1,625,314,387

- 2.04(a)** Trade Payable Includes
- | | | |
|----------------------------|----------------------|---------------|
| Provision for expenses. | 92,093,903 | 92,093,903 |
| Payable to holding company | 1,431,883,767 | 1,431,839,647 |
- 2.04(b)** Amount payable to holding company includes amounts for which directions for write off have been issued by Ministry of Civil Aviation, Government (refer Note 1.1(vi)). The amounts are continued to be refelected in the books at the original book value. The total amount payable to Indian Airlines Ltd. for which directions for write off were received was Rs.69,15,63,271. An amount of Rs. 10,00,00,000 & Rs.3,00,83,296 are outstanding under unsecured loans and interest payable respectively. The balance amount of Rs. 56,14,79,935 is to be written off from trade payables.
- 2.04(c)** The balances are subject to reconciliation and confirmation.
- 2.04(d)** The provision for expenses of Rs. 9,20,93,903/- represents provision made in earlier years. The actual liability against these provision may be different and is yet to be adjusted, accordingly the resultant charge / reversal is not accounted for.

NOTE “2.05” : OTHER CURRENT LIABILITIES

(Amount in Rupees)

Particulars	As at		As at	
	31 March 2013		31 March 2012	
Interest Payable				
Air India Limited	20,637,210		20,637,210	
erstwhile Indian Airlines Limited	30,083,296		30,083,296	
International Airport Authority of India	22,016,052		22,016,052	
Ministry of Civil Aviation	57,468,187	130,204,745	57,468,187	130,204,745
Other Liabilities		35,434,603		35,434,603
Security Deposits received		1,500,568		1,500,568
Customers at Credit		1,366,935		1,366,935
TOTAL		168,506,851		168,506,851

- 2.05(a)** Interest payable represents interest on loans for which directions for write off have been issued by Ministry of Civil Aviation, Government of India. (Refer Note 1.1(vi)). The amounts are continued to be refelected in the books at the original book value.
- 2.05(b)** Other Liabilities include
- | | | |
|---|-------------------|------------|
| i) Amount payable to holding company | 1,722,723 | 1,722,723 |
| ii) Amount payable to Ministry of Civil Aviation for transfer of agro division | 1 | 1 |
| iii) Amount payable to IATT for which directions for write off have been issued (Refer Note 1.1(vi) but which is continued to be refelected at the original book value. | 31,043,247 | 31,043,247 |
- 2.05(c)** The balances are subject to reconciliation/confirmations.



NOTE “2.06” : TANGIBLE ASSETS

(Amount in Rupees)

Description	Cost				Cost			
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	Additions	Deletions	Other adjustments	As at 31 March 2013
Furniture and fixtures	15,080,741	-	-	15,080,741	-	-	-	15,080,741
Plant & Machinery*	15,884,674	-	-	15,884,674	-	-	-	15,884,674
Vehicles	980,498	-	-	980,498	-	-	-	980,498
TOTAL	31,945,913	-	-	31,945,913	-	-	-	31,945,913

Description	Depreciation				Depreciation			
	As at 1 April 2011	Additions	Deletions	As at 31 March 2012	Additions	Deletions	Other adjustments	As at 31 March 2013
Furniture and fixtures	12,216,407	359,065	-	12,575,472	359,065	-	-	12,934,537
Plant & Machinery*	15,315,464	13,472	-	15,328,936	13,472	-	-	15,342,408
Vehicles	940,977	-	-	940,977	-	-	-	940,977
TOTAL	28,472,848	372,537	-	28,845,385	372,537	-	-	29,217,922

Carrying amounts

Furniture and fixtures	2,505,269	2,146,204
Plant & Machinery	555,738	542,266
Vehicles	39,521	39,521
TOTAL	3,100,528	2,727,991

* Plant & Machinery represents ground support equipments.

2.06(a) The Agro Aviation Division of the Ministry of Civil Aviation was transferred to the company vide Government of India Notification No. AV/ 18030/ 112/ 87 dated 18th Jan,1988. The assets transferred on “as is where is basis” were taken in the books of the Company at a token consideration of Re.1/-. Substantial parts of these assets have been disposed off over the years.

2.06(b) As on 31st March, 2009, two aircraft were operational and were being operated by NACIL. These aircrafts are registered with DGCA in the name of NACIL and all the expenditure for their operations and maintenance of the fleet is being incurred by NACIL. NACIL Board, in its Fourteenth Meeting held on 3rd August, 2008, has accorded approval to phase out these aircraft and to take all necessary steps for disposal of the aircraft. Therefore, both the aircrafts and engines were transferred to NACIL at WDV in the financial year 2009-10

2.06(c) Since the legal merger of the company with National Aviation Company of India Limited (now Air India Ltd.) is yet to take place, the assets and liabilities of the company continued to be reflected in the books of Vayudoot Ltd. and the depreciation where applicable is continued to be provided by the company. However, all the assets are being operated and maintained by Air India Ltd.

NOTE “2.07” : INVENTORIES

(Amount in Rupees)

Particulars	As at 31 March 2013	As at 31 March 2012
Inventories of Stores & Spares	67,135,452	67,135,452
Less: Provisison for Obsolescence	67,135,452	67,135,452
TOTAL	-	-


NOTE “2.08” : TRADE RECEIVABLES
(Amount in Rupees)

Particulars	As at 31 March 2013	As at 31 March 2012
Debts outstanding for a period exceeding six months from the date they are due for payment		
Secured, considered good	664,514	664,514
Unsecured, considered good	14,865,905	14,865,905
Unsecured, considered doubtful *	20,895,160	20,895,160
	36,425,579	36,425,579
Less: Provision for doubtful debts	20,895,160	20,895,160
	15,530,419	15,530,419
Other debts		
Unsecured, considered good	-	-
Unsecured, considered doubtful	-	-
	-	-
Less: Provision for doubtful debts	-	-
	-	-
TOTAL	15,530,419	15,530,419
* Including amount due from holding company	2,800,670	2,800,670

2.12(a) The balances are subject to reconciliation and confirmation.

2.12(b) The debtors having security deposits or equivalent or more credit balances have been classified under secured Debtors.

NOTE “2.09” : CASH AND BANK BALANCES
(Amount in Rupees)

Particulars	As at 31 March 2013	As at 31 March 2012
Cash on hand	-	-
Bank balances		
Current accounts	-	-
TOTAL	-	-

NOTE “2.10” : SHORT-TERM LOANS AND ADVANCES
(Amount in Rupees)

Particulars	As at 31 March 2013	As at 31 March 2012
Security deposit with Delhi High Court	896,584	896,584
Other deposits	5,672	5,672
Security Deposited for leased accomodation for employees		
considered good	6,000	6,000
considered doubtful	27,100	27,100
TDS Recoverable from Employees - considered doubtful	29,388	29,388
Amount Recoverable from staff (considered good)	65,756	65,756
Amount Recoverable from staff (considered doubtful)	52,896	52,896
Amount Recoveravble from Ex-Managing Director	176,550	176,550
	1,259,946	1,259,946
Less Provision for Doubtful advances/ security deposits	79,996	79,996
TOTAL	1,179,950	1,179,950

2.08(a) The balances are subject to confirmation.

**NOTE “2.11” : REVENUE FROM OPEARTIONS****(Amount in Rupees)**

Particulars	2012-13	2011-12
Revenue from Operations	-	-
TOTAL	-	-

NOTE “2.12” : EMPLOYEE BENEFIT EXPENSE**(Amount in Rupees)**

Particulars	2012-13	2011-12
Employee Benefit Expenses	-	-
TOTAL	-	-

NOTE “2.13” : DEPRECIATION AND AMORTISATION EXPENSE**(Amount in Rupees)**

Particulars	2012-13	2011-12
Depreciation on tangible assets	372,537	372,537
Amortization on intangible assets	-	-
TOTAL	372,537	372,537

NOTE “2.14” : OTHER EXPENSES**(Amount in Rupees)**

Particulars	2012-13	2011-12
Foreign Exchange Loss	495,729	613,208
Statutory Audit Fee (including Service Tax)	44,944	44,944
TOTAL	540,673	658,152

NOTE “2.15” : EARNING PER SHARE**(Amount in Rupees)**

Particulars	As at 31 March 2013	As at 31 March 2012
Profit / (Loss) after Tax	(913,210)	(1,030,689)
Weighted Number of equity shares of Rs. 1,000 each outstanding during the year.	364,200	364,200
Basic Earning per share	(2.51)	(2.83)
Diluted Earning per share	(2.51)	(2.83)

NOTE “2.16” : CONTINGENT LAIBILITIES**(Amount in Rupees)**

Particulars	As at 31 March 2013	As at 31 March 2012
Legal Claims not acknowledged as debts	5,997,878	5,997,878
TOTAL	5,997,878	5,997,878

**NOTE “2.17” : ADDITIONAL INFORMATION**

	(Amount in Rupees)	
	As at 31 March 2013	As at 31 March 2012
a) Additonal Information	Nil	Nil
b) Paise have been rounded off to nearest rupee.		
c) Previous Year's figures have been regrouped and / or rearranged.		

As per our report of even date attached

For and on behalf of
For Dhruv Aggarwal & Co.
Chartered Accountants
FRN. 005469N

For and on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Sd/-
Shefali Juneja
Director

Sd/-
Tilak Raj Chawla
Partner
MN. - 095619

Sd/-
A. Jayachandran
DGM (Finance)

Place : New Delhi
Date : 23 December 2013

