The preparation of financial statement of Air India Limited for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act 1956 is the responsibility of the Management of the Company. The Independent 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 statement 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 11th December 2014.

I, on behalf of the Comptroller and Auditor General of India (CAG), have conducted a supplementary audit of Air India Limited under section 619(3) (b) of the Companies Act, 1956 of the financial statements for the year ended 31 March 2014. This supplementary audit has been carried out independently without access to working papers of the Independent Auditors and is also limited primarily to enquiries of the Independent Auditors and Company personnel and a selective examination of some of the accounting records. Based on my supplementary audit, I would like to highlight the following significant matters under section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

Notes Forming Part of the Financial Statements
Note no.79

The term ‘EBIDTA’ referred to in Note no.79 by AIL needs to be read as ‘EBITDA’ as per its correct nomenclature. That statement by AIL in the said Note that it achieved a positive EBITDA in 2013-14 may be viewed in the light of the fact that EBITDA was computed by the Company without factoring in loss of Rs. 3,872.5 million sustained by it on sale of three B777 LR aircraft.

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

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

Place : Mumbai
Date : 28 April 2015
Management Replies to 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 March 31, 2014

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| Notes Forming Part of the Financial Statements Note no.79 by AIL  
The term ‘EBIDTA’ referred to in Note no.79 by AIL needs to be read as ‘EBITDA’ as per its correct nomenclature. That statement by AIL in the said Note that it achieved a positive EBITDA in 2013-14 may be viewed in the light of the fact that EBITDA was computed by the Company without factoring in loss of Rs. 3,872.5 million sustained by it on sale of three B777 LR aircraft. | This is a typographical error and the correct terminology i.e. “EBITDA” shall be used at the time of printing of the Annual Report for FY 2013-14 instead of “EBIDTA” which has been used in the Notes to Accounts for FY 2013-14.  
Further, it may be stated that there is no Accounting Standard prescribed for the calculation/disclosure of EBITDA. The disclosure made in the accounts was only for the benefit of the reader of the accounts of the company and also to show the EBITDA achieved by the company from its core operations vis-a-vis TAP targets.  
The EBITDA has been calculated after excluding the “losses on sale of B-777-200LR” on the ground that it is a “non recurring” loss and the sale of B-777-200LR was not contemplated under the TAP. This fact has been adequately disclosed in the Notes vide Note No 69 (c). |