

SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET**SCHEDULE : "A" : CAPITAL****(Rupees in Million)**

Particulars	As at March 31, 2009	As at March 31, 2008
AUTHORISED		
1,375,645,020 Equity Shares of Rs. 10 each (Previous Year 1,375,645,020 Equity Shares)	13,756.5	13,756.5
12,440,498 Redeemable Preference Shares of Rs.100 each. (Previous Year 12,440,498 Redeemable Preference Shares)	1,244.0	1,244.0
	15,000.5	15,000.5
ISSUED, SUBSCRIBED AND PAID UP		
145,000,000 Equity shares of Rs.10 each fully paid up (Previous Year 145,000,000 Equity Shares) (Of the above 144,950,000 Equity Shares have been issued pursuant of Amalgamation)	1,450.0	1,450.0
	1,450.0	1,450.0

SCHEDULE : "B" : RESERVES AND SURPLUS**(Rupees in Million)**

Particulars	As at March 31, 2009		As at March 31, 2008	
1. Capital Reserve				
As per Scheme of Amalgamation	-		80,280.9	
As per Last Balance Sheet	78,942.9		-	
Less : Transfer to Depreciation (P&L A/c.)	-		1,338.0	
Add : Transfer from Depreciation (P&L A/c.) related to Previous Period	1,338.0	80,280.9	-	78,942.9
Less : Transfer to General Reserve (Refer Note 8)		80,280.9		-
		-		78,942.9
2. General Reserve				
Transfer from Capital Reserve (Refer Note 8)	80,280.9		-	
Less : Adjustment as per AS-11 Notification (Refer Note 4)	1,903.2		-	
		78,377.7		-
Less : Loss for the Previous Period as per Profit & Loss Account	22,261.6			-
Less : Loss for the Current Year as per Profit & Loss Account	55,482.6	77,744.2		-
		633.5		-
		633.5		78,942.9

SCHEDULE : "C" : SECURED LOANS

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
A. Foreign Currency Loans from Banks*		
I. Secured by First priority mortgage/hypothecation of : One B777-200 LR Aircraft One B747-300 Aircraft Two A310-300 Aircraft	-	13,585.2
II. Secured by hypothecation of relevant Inventories	1,014.4	4,381.1
B. Other Loans from Banks*^	22,645.1	10,951.2
Secured by		
I. Tangible, movable property such as all inventories (other than those covered under 'A' above) and Equipment, present and future.		
II. Hypothecation of A-320 Aircraft Registration Nos. VT-EPQ, VT-EPP and VT-EPR		
	23,659.5	28,917.5

* Includes Rs.23,659.5 million due for repayment within one year. (Previous Year Rs.28,917.5 million)

^ Secured with reference to the insured value of Aircraft amounting to Rs.3,804.0 million since Written Down Value of the Aircraft are lower than the bank borrowings.

SCHEDULE : "D" : UNSECURED LOANS

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
A. Loans from a Wholly Owned Subsidiary Company	47.5	314.0
B. Short Term Loans From Banks and Financial Institutions**	139,619.1	84,689.1
C. Other Loans From Banks and Financial Institutions** (Guaranteed by the Government of India to the extent of Rs.243.1 million (Previous Year Rs.198.7 million))	29,098.3	7,555.0
	168,764.9	92,558.1

** Includes Rs.158,628.5 million due for repayment within one year. (Previous Year Rs.84,695.7 million)

SCHEDULE : "E" : FUTURE LEASE OBLIGATIONS

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
Future Lease Obligations** (Guaranteed by the Government of India to the extent of Rs.75,643.6 million (Previous Year Rs.41,053.9 million))	116,655.8	62,658.4
	116,655.8	62,658.4

** Includes Rs.8,134.0 million due for repayment within one year. (Previous Year Rs.4,266.5 million)

SCHEDULE : "F" : FIXED ASSETS

(Rupees in Millions)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2008	Additions	Deductions /Adjustments	As at March 31, 2009	Up to April 1, 2008	For the year	Deductions /Adjustments	Total Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
A. AIRCRAFT FLEET & ROTABLES										
1. Airframes										
a) Owned & Self Operated	76993.1	51158.3	1629.0	126522.4	3566.8	6854.5	88.8	10332.5	116189.9	73426.3
b) Leased to AASL	246.5	170.3	7.0	410.4	9.8	34.8	-	44.6	365.8	236.7
2. Aero Engines & Power Plants										
a) Owned & Self Operated	10387.4	4687.5	87.8	14987.1	1365.9	1328.9	29.6	2665.2	12321.9	9021.5
b) Leased to AASL	4.0	-	1.3	2.7	-	-	-	-	2.7	4.0
3. Simulators & Link Trainers	279.5	33.4	1.2	311.7	74.3	106.1	-	180.4	131.3	205.2
4. Airframe Rotables	2452.4	810.7	28.1	3235.0	281.8	330.0	9.5	602.3	2632.7	2170.6
5. Aero-Engine Rotables	545.8	93.5	41.4	597.9	68.6	63.5	8.0	124.1	473.8	477.2
6. Simulators Rotables	0.2	-	-	0.2	0.2	-	-	0.2	-	-
SUB TOTAL "A"	90908.9	56954.3	1795.8	146067.4	5367.4	8717.8	135.9	13949.3	132118.1	85541.5
B. LAND, BUILDING & VEHICLES										
1. Land - Freehold	7057.8	-	-	7057.8	-	-	-	-	7057.8	7057.8
2. Land - Leasehold	63820.7	19.7	-	63840.4	191.0	115.8	-	306.8	63533.6	63629.7
3. Buildings	17836.6	16.5	12.2	17840.9	1242.1	1240.1	0.9	2481.3	15359.6	16594.5
4. Vehicles	229.7	18.8	2.3	246.2	78.8	46.9	1.0	124.7	121.5	150.9
SUB TOTAL "B"	88944.8	55.0	14.5	88985.3	1511.9	1402.8	1.9	2912.8	86072.5	87432.9
C. OTHER FIXED ASSETS										
1. Workshop Equipment, Instruments, Machinery and Plants	1879.2	431.0	1.2	2309.0	192.5	216.5	-	409.0	1900.0	1686.7
2. Ground Support and Ramp Equipment	3337.3	741.9	1.7	4077.5	283.2	332.7	1.7	614.2	3463.3	3054.1
3. Furniture & Fixtures	116.0	18.6	0.4	134.2	15.5	16.3	0.1	31.7	102.5	100.5
4. Electrical Fittings and Installations	165.6	5.7	0.7	170.6	12.7	12.4	0.1	25.0	145.6	152.9
5. Computer System	484.8	294.8	0.4	779.2	100.1	142.0	0.2	241.9	537.3	386.1
6. Office Appliances & Equipment	618.8	25.3	3.1	641.0	75.2	60.7	1.7	134.2	506.8	543.6
SUB TOTAL "C"	6601.7	1517.3	7.5	8111.5	679.2	780.6	3.8	1456.0	6655.5	5923.9
D. INTANGIBLE ASSETS										
1. Computer Software	87.9	41.9	-	129.8	42.7	19.7	-	62.4	67.4	43.8
TOTAL	186543.3	58568.5	1817.8	243294.0	7601.2	10920.9	141.6	18380.5	224913.5	-
Previous Year	118630.2	73803.3	5890.2	186543.3	-	8954.6	1353.4	7601.2	-	178942.1
Capital Work in Progress									50113.7	39726.3
GRAND TOTAL									275027.2	218668.4

Note :

- Additions to and deductions from "Aircraft Fleet and Rotables" includes Exchange Rate Fluctuations on underlying monetary items in foreign currency : Rs.19476.2 million (Previous Year : Rs. Nil) and Rs.837.8 million (Previous Year : Rs.153.6 million) respectively.
- Aircraft Fleet and Rotables includes four A-319, six A-321, two B777-300ER aircraft & one GE Spare Engines acquired on Finance Lease for the year 2008-09. Gross Block Rs.38755.5 million (Previous Year Rs.70195.8 million), Depreciation Rs. 1020.9 million (Previous Year : Rs. 2227.0 million) and Net Block Rs.37734.6 million (Previous Year Rs.67968.8 million) . Future Lease rental obligations aggregate to Rs 116655.8 million (Previous year Rs.62658.4 million) for which liability of an equal amount is included in the year-end balance of "Future Lease Obligations".
- Registration of 32 Aircraft (ten A-319, twelve A-321, five B777-200LR, five B777-300ER) (Previous Year : 21 Aircraft - {six A-319, six A-321, two B747-400, four B777-200LR, three B777-300ER}) continues to be in the name of SPV Company for which beneficial ownership is with NACIL. Gross Block Rs.123,201.6 Million (Previous Year : Rs.70,195.8 Million), Depreciation Rs.5,586.9 Million (Previous Year : Rs.2,227.1 Million), Net Block Rs.117,614.7 Million (Previous Year : Rs.67,968.7 Million).
- Deductions under the block of Aircraft Fleet & Rotables includes Aircraft Registration No. VT-EHC, EHD, EVD, EPX and two CF6-80C2 engines sold during the year, Gross Block: Rs.282.1 million (Previous Year: Rs.5786.8 million), Provision for Depreciation Rs.29.5 million (Previous Year Rs.1353.2 million).
- Leasehold/Freehold Land includes land for Rs.52525.8 million (Previous Year: Rs.52525.8 million) for which Registration Deeds are yet to be executed.
- Reclassification amongst Assets is adjusted under 'Additions' and 'Deductions' of respective assets.
- Capital Work in Progress includes advances against Capital Expenditure Rs 40434.2 million (Previous Year: Rs 35910.2 million) and Loss of Rs. 7321.2 million (Previous Year: Nil) on account of Exchange Rate fluctuation on underlying monetary items in foreign currency.

SCHEDULE : "G" : INVESTMENTS

(Rupees in Million)

Particulars	As at March 31, 2009		As at March 31, 2008	
LONG TERM INVESTMENTS				
A. UNQUOTED				
SHARES IN WHOLLY OWNED SUBSIDIARY COMPANIES				
1. 4,060,000 (Previous Year 4,060,000) Equity Shares of Rs.100/- each fully paid up in Hotel Corporation of India Limited		406.0		406.0
2. 3,000,000 (Previous Year 3,000,000) Equity Shares of Rs.100/- each fully paid up in Air India Charters Limited		300.0		300.0
3. 50,000 (Previous Year 50,000) Equity Shares of Rs.10/- each fully paid up in Air-India Air Transport Services Limited		0.5		0.5
4. 50,000 (Previous Year 50,000) Equity Shares of Rs.10/- each fully paid up in Air-India Engineering Services Limited		0.5		0.5
5. 3,64,200 (Previous Year 3,64,200) Equity Shares of Rs.1,000/- each fully paid up in Vayudoot Limited	182.1		182.1	
Less : Provision for diminution	182.1	-	182.1	-
6. 2,25,000 (Previous Year 2,25,000) Equity Shares of Rs.100/- each fully paid up in Airlines Allied Services Limited	22.5		22.5	
Less : Provision for diminution	22.5	-	22.5	-
7. 50,000 (Previous Year 50,000) Equity Shares of Rs.10/- each fully paid up in IAL Airport Services Limited		0.5		0.5
TRADE INVESTMENTS				
1. 271765 (Previous Year 94359) Equity Shares of EUR 5.00 each fully paid up in SITA (Societe Internationale de Telecommunications Aeronautiques) (22 (Previous Year 6) Shares redeemed in redistribution during the year)		13.8		4.4
2. 10371 (Previous Year 12,881) Class B Shares of BHT 100 each fully paid up in Aeronautical Radio of Thailand Limited (Nil (Previous Year 3851) Shares redeemed during the year)		1.4		1.6
3. 2,617,098 (Previous Year 2,617,098) Equity Shares of MAR 10 each fully paid up in Air Mauritius Limited		9.5		9.5
4. 2,301,244 (Previous Year 2,301,244) Shares of MAR 10 each fully paid up in Air Mauritius Holding Limited		16.7		16.7
5. 6% Debenture Bonds of Banco De Roma face value EUR 15.49 guaranteed by the Government of Italy (Deposited with Civil Aviation Department, Italy). *(Rs.3,058)		*0.0		*0.0
6. 10,000,000 (Previous Year 10,000,000) Equity Shares of Rs.10/- each fully paid up in Cochin International Airport Limited		100.0		100.0
7. 618,460 (Previous Year 618,460) Depository Certificates of SITA Information Network Computing N.V.		28.8		28.8
8. 50 (Previous Year 50) Equity Shares of EUR 152.45 each fully paid up in Association Sportive Du Golf Isabella.		0.4		0.4
9. Proposed Joint Venture with AI-SATS (Refer Note 20.C.b.)		333.9		-
		1,212.0		868.9
OTHER INVESTMENTS (NON-TRADE)				
Promissory Notes of USD 386864.82 (Previous Year 784,856.27) issued by Central Bank of Nigeria duly guaranteed by the Government of Nigeria, redeemable in quarterly instalment by 2010 (Promissory Notes of USD 397991.45 (Previous Year 409777.37) redeemed during the year).		12.2		24.7
TOTAL OF UNQUOTED INVESTMENTS		1,224.2		893.6
B. QUOTED (TRADE)				
594014 (Previous Year 375,407) Shares of EUR 0.48 each fully paid up in France Telecom (Market Value Rs.430.3 Million, Equivalent to EUR 6.7 Million) (Market Value Rs.470.73 Million, Equivalent to EUR 8.0 Million)		7.6		7.6
		1,231.8		901.2

SCHEDULE : "H" : INVENTORIES (As valued & certified by the Management)

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
1. i) Stores and Spare Parts	11,528.2	11,002.4
ii) Loose Tools	248.6	139.9
	11,776.8	11,142.3
Less : Provision for Obsolescence	3,230.8	2,727.1
	8,546.0	8,415.2
2. Goods-in-Transit (at Cost)	1,096.1	1,600.9
	9,642.1	10,016.1

SCHEDULE : "I" : SUNDRY DEBTORS

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
UNSECURED		
Debts Outstanding for a period exceeding Six Months		
Considered Good	9,672.3	4,381.2
Considered Doubtful	1,660.7	1,404.7
	A	5,785.9
Other Debts		
Considered Good	15,058.7	21,752.9
Considered Doubtful	3.8	5.4
	B	21,758.3
	A + B	27,544.2
Less : Provision for Doubtful Debts	1,664.5	1,410.1
	24,731.0	26,134.1

Debts amounting to Rs.1994.0 Million included under Considered Good (Previous Year Rs.6721.1 Million) are backed by Bank Guarantees.

SCHEDULE : "J" : CASH AND BANK BALANCES

(Rupees in Million)

Particulars	As at March 31, 2009		As at March 31, 2008	
1. Cash and Cheques on Hand		209.0		89.7
2. Remittances in Transit		19.3		489.4
3. Balances with Banks :				
a) In Current Accounts with :				
i) Scheduled Banks	1,612.7		1,132.5	
ii) Other than Scheduled Banks	807.1		4,631.4	
(Refer Schedule J-A)	I	2,419.8	5,763.9	
b) In Deposit Accounts with :				
i) Scheduled Banks	8,348.7		4,416.3	
ii) Other than Scheduled Banks	399.6		85.7	
(Refer Schedule J-B)	II	8,748.3	4,502.0	
	I + II	11,168.1		10,265.9
		11,396.4		10,845.0

Note :**Balances with Banks include :**

Deposits/Current Accounts under lien against Bank Guarantees / Letter of Credits issued by Banks - Rs.1017.8 Million (Previous Year Rs.18962.8 Million)

Security Deposits from staff - Rs.9.4 Million (Previous Year Rs.10.1 Million)

SCHEDULE : "J-A" : CURRENT ACCOUNTS WITH BANKS (OTHER THAN SCHEDULED BANKS)

(Rupees in Million)

Sr. No.	Name of Bank	Station	Balance as at March 31, 2009	Maximum Balance during Current year	Balance as at March 31, 2008	Maximum Balance during previous year
1	ABN BANK	AMSTERDAM	0.8	8.7	0.4	7.3
2	ABN BANK	AMSTERDAM	0.2	0.3	0.3	0.6
3	ABN BANK	AMSTERDAM	0.8	1.9	1.7	2.0
4	ANZ BANK	SYDNEY	-	-	4.6	8.1
5	ANZ BANK	AUCKLAND	-	3.4	3.3	3.3
6	ANZ BANK	SYDNEY	-	2.6	1.8	3.7
7	ANZ BANK	SYDNEY	-	-	0.5	1.0
8	AUSTRALIAN & NEWZEALAND BANK	AKL	0.3	0.5	0.2	0.7
9	BANCO CENTRAL HISPANO	MADRID	4.4	5.1	1.3	19.0
10	BANCO DI ROMA	ROME	12.0	22.2	6.8	14.0
11	BANCO NAZIONALE DAL LAVORD	ROME	0.2	23.0	0.2	27.6
12	BANCO NAZIONALE DAL LAVORD	ROME	19.0	34.6	22.8	27.9
13	BANK FOR FOREIGN & ECONOMIC AFFAIRS.	MOSCOW	0.2	6.1	1.7	64.7
14	BANK FOR FOREIGN TRADE	MOSCOW	25.4	31.8	9.9	75.5
15	BANK OF ALEXANDRIA	CAIRO	3.0	3.0	1.7	2.4
16	BANK OF ALEXANDRIA (*Rs.5496.13, ***Rs.2524.55, ****Rs.41260)	CAIRO	*0	0.1	***0	****0
17	BANK OF ALEXANDRIA	CAIRO	0.3	0.4	0.4	0.6
18	BANK OF AMERICA	NEWARK	1.0	9.8	6.8	169.0
19	BANK OF AMERICA	WASHINGTON	2.5	7.4	2.1	3.7
20	BANK OF AMERICA	NEW YORK	19.1	125.7	3.3	167.1
21	BANK OF AMERICA	NEW YORK	19.8	19.8	5.7	20.4
22	BANK OF AMERICA	NEWYORK	1.9	1.9	0.7	0.7
23	BANK OF CHINA	SHANGHAI	1.5	12.2	7.7	15.7
24	BANK OF SHANGHAI	SHANGHAI	16.8	101.2	47.6	98.9
25	BANK OF TOKYO MITSUBISHI	TOKYO	0.4	55.4	1.2	95.5
26	BANK TEJARAT	TEHRAN	0.1	0.1	0.1	0.1
27	BANK TEJARAT	TEHRAN	37.0	37.0	27.8	35.5
28	BANK TEJARAT	TEHRAN	0.1	0.1	0.1	0.1
29	BNP PARIBAS CC COLLECTION A/C	PARIS	9.7	35.0	2.8	25.0
30	BANQUE NATIONALE DE PARIS	PARIS	18.8	90.8	5.6	101.1
31	BANQUE NATIONALE DE PARIS. CUSTODIAN A/C	PARIS	0.1	21.2	0.2	13.9
32	BARCLAYS BANK	NAIROBI(APT)	0.1	10.2	0.2	20.7
33	CITI BANK USD	NEWYORK	82.9	452.4	43.0	43.1
34	CITI BANK	FRANKFURT	7.3	335.1	1.1	22.5
35	CITI BANK	LONDON	76.5	404.3	47.9	424.0
36	CITI BANK	LOS ANGELES	3.4	3.4	1.9	20.9
37	CITI BANK	LOS ANGELES	1.5	13.3	2.8	2.8
38	CITI BANK	FRANKFURT	0.5	2.1	0.7	2.1
39	CITI BANK	NEWYORK	-	-	7.2	7.2
40	CITI BANK IDR EXP A/C	JAKARTA	0.1	0.1	0.1	0.1
41	CITIBANK	DAR-ES-SALAM	4.3	22.5	0.8	20.9
42	CITIBANK	NEWYORK	43.3	140.4	0.5	10.0
43	CITIBANK	JAKARTA	6.9	18.7	19.8	19.8
44	CITIBANK	DAR-ES-SALAAM	1.8	11.8	5.7	20.9
45	CITIBANK	DAR-ES-SALAAM	0.5	1.2	0.1	1.0
46	CITIBANK (USD A/C)	JAKARTA	3.8	10.3	1.7	10.3
47	CITIBANK	SANFRANCISCO	0.9	2.1	0.3	1.7
48	COMMERZ BANK	FRANKFURT	2.1	45.6	57.8	57.8
49	COMMERZ BANK	FRANKFURT	26.3	140.8	20.3	69.6
50	CREDITANSTALT BANKVEREIN	VIENNA	-	39.9	17.2	39.9
51	CREDITANSTALT BANKVEREIN (**Rs. 41764.71)	VIENNA	-	25.2	***0	2.2
52	DEN DANSKE BANK	COPENHAGEN	6.4	7.0	5.4	5.4
53	HSBC BANK BEIRUT	BEIRUT	1.1	11.0	1.7	1.8
54	INDO NIGERIAN MERCHANT BANK (*Rs.3361.72,**Rs.3361.72,***Rs.2659.15,****Rs.2659)	LAGOS	*0	**0	***0	****0

(Rupees in Million)

Sr. No.	Name of Bank	Station	Balance as at March 31, 2009	Maximum Balance during Current year	Balance as at March 31, 2008	Maximum Balance during previous year
55	INDO ZAMBIA BANK	LUSAKA	0.3	0.3	0.2	0.2
56	INDO ZAMBIA BANK LTD EXP. ACCT LUSAKA (Rs***7107.84)	LUSAKA	0.3	0.3	***0	0.2
57	INDO ZAMBIA BANK. (USD COLL ACCT)	LUSAKA	0.3	3.4	3.4	5.3
58	KOREAN EXCHANGE BANK	SEOUL	0.3	238.6	0.8	8.3
59	NATIONAL BANK OF KUWAIT COLL A/C	KUWAIT	27.0	78,628.2	1.2	94.5
60	NATWEST BANK	LONDON	1.4	3.2	0.9	2.3
61	NEPALI SBI BANK	KATHMANDU	0.2	0.2	0.2	0.2
62	NEPALI SBI BANK LTD.(NPR COLL.A/C)	KATHMANDU	1.2	8.4	7.7	11.4
63	NEPALI SBI BANK LTD.(USD COLL-CUM-REF A/C)	KATHMANDU	1.3	1.3	0.4	1.3
64	NEPAL SBI BANK NER EXP. A/C	KATHMANDU	0.6	0.6	0.5	0.5
65	ROYAL BANK OF CANADA	MONTREAL	25.1	208.7	6.5	97.6
66	ROYAL BANK OF CANADA	TORONTO	6.4	38.9	2.3	34.4
67	SOCIETE GENERALE BANK	BRUSSELS	18.0	18.0	10.7	10.7
68	STANDARD CHARTERED BANK	KUALALUMPUR	59.0	85.0	29.1	40.9
69	STANDARD CHARTERED BANK (* Rs. 4167)	KUALALUMPUR	*0	0.7	0.8	0.1
70	STANDARD CHARTERED BANK	KUALALUMPUR	-	-	0.2	10.7
71	STERLING BANK	LAGOS	0.3	2.6	1.5	1.9
72	STERLING BANK	LAGOS	0.4	1.6	0.2	0.6
73	STERLING BANK (*Rs.46704.79,**Rs.46704.79,***Rs.45955.49, ****Rs45955.49)	LAGOS	*0	**0	***0	****0
74	U B S (SFR COLL/DISB ACCOUNT)	GENEVA	25.2	47.6	35.3	65.6
75	U B S (USD COLL CUM DISB ACCOUNT)	GENEVA	-	-	-	1.3
76	U B S(SFR REFUND ACCOUNT)	GENEVA	-	0.4	0.4	0.5
77	UTTARA BANK LTD.	DACCA	3.9	16.7	26.0	80.7
78	WAHDA BANK	TRIPOLI	0.1	0.1	0.1	0.1
79	CITI BANK EUR CMS A/C-PARIS (*Rs.923.93, **Rs.923.93)	PARIS	*0	**0	0.5	0.5
80	ANZ SYDNEY COLLECTION A/C	SYDNEY	0.4	13.6	0.1	0.1
81	ANZ SYDNEY EXPENDITURE A/C	SYDNEY	1.2	3.0	0.8	0.8
82	ANZ SYDNEY REFUND A/C (***Rs.17798.29, ****Rs.17798.29)	SYDNEY	-	-	***0	****0
83	BANK OF TEJARAT THR REF A/C (*RS.6507.31, **Rs.6507.31)	THERAN	*0	**0.0	-	-
84	BOT MITSUBISHI TOKYO NACIL COLL A/C	TOKYO	0.5	0.5	-	-
85	INVECTEC BANK LONDON SALE & LEASE BANK	LONDON	-	-	4,012.0	-
86	BANK MILLIE, AFGHAN, KABUL	KABUL	0.1	0.1	-	-
87	MYANMAR ECONOMIC BANK (*23347.57, **23348, ***18429.18, ****18429)	YANGON	-	-	-	-
88	MYANMAR ECONOMIC BANK	YANGON	1.5	1.5	1.1	1.1
89	MYANMAR FOREIGN TRADE BANK, YANGON	YANGON	151.7	154.3	70.1	70.1
90	NATIONAL BANK OF UZBEKISTAN, TASHKENT	TASHKENT	0.2	0.2	0.2	0.2
91	NATIONAL BANK OF OMAN (*26348, **26348, ***20856, ****20856)	MUSCAT	-	-	-	-
92	SIAM COMMERCIAL BANK, BANGKOK	BANGKOK	0.4	4.3	3.5	3.5
93	J S BANK LIMITED, KARACHI	KARACHI	0.3	0.8	0.3	1.6
94	J S BANK LIMITED, KARACHI (*6939.45, **6939, ***7049.60, ****7049)	KARACHI	-	-	-	-
95	J S BANK LIMITED, LAHORE (**26177.2, ****26177)	LAHORE	0.2	0.3	-	-
96	CAYLON BANK	NEW DELHI	1.0	1.0	1.1	1.0
97	CAYLON BANK, PARIS	PARIS	13.2	13.2	7.8	7.7
			807.1		4,631.4	

SCHEDULE : "J-B" : DEPOSIT ACCOUNTS WITH BANKS (OTHER THAN SCHEDULED BANKS)

(Rupees in Million)

Sr. No.	Name of Bank	Station	Balance as at March 31, 2009	Maximum Balance during Current year	Balance as at March 31, 2008	Maximum Balance during previous year
1	ANZ BANK	SYDNEY	0.7	0.7	0.7	0.7
2	BANK OF CEYLON (***Rs. 34, ****Rs. 34)	COLOMBO	-	-	***0.0	****0.0
3	BNL	ROME	2.9	2.9	2.7	2.7
4	CITI BANK NEWYORK, S.T.D.	NEWYORK	30.5	30.5	24.1	24.1
5	CITI BANK NEWYORK, NASSAU SWEEP A/C	NEWYORK	11.2	11.2	45.4	45.4
6	NATIONAL BANK OF KUWAIT	KUWAIT	0.7	0.7	0.6	0.6
7	ROYAL BANK OF CANADA	MONTREAL	2.4	2.4	2.2	2.2
8	SECURITY BANK (***Rs. 194, ****Rs. 194)	MANILA	-	-	***0.0	****0.0
9	ACE COOPERATIVE BANK	MUMBAI	10.0	10.0	10.0	10.0
10	ABN AMRO BANK-ACCOUNT CHARGES - PROJECT	LONDON	341.2	341.2	-	-
			399.6		85.7	

SCHEDULE : "K" : OTHER CURRENT ASSETS

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
1. Interest Accrued		
i) On Bank Deposits	105.5	58.5
ii) On Loans (Staff)	211.9	260.4
	317.4	318.9
2. Surplus Assets*	244.2	2.3
	561.6.1	321.2

* Items of the Fixed Assets retired from the active use and held for disposal are transferred to 'Surplus Assets'.
Realisable value of Surplus Assets has been considered to be minimum 5% of Gross Block.

SCHEDULE : "L" : LOANS AND ADVANCES

(Rupees in Million)

Particulars	As at March 31, 2009		As at March 31, 2008	
Unsecured and Considered Good, unless otherwise stated				
i. Subsidiary Companies				
a) Considered Good	511.9		1,748.1	
b) Considered Doubtful	775.1		770.9	
	1,287.0		2,519.0	
Less : Provision for doubtful advances	775.1	511.9	770.9	1,748.1
ii) Advances Recoverable in Cash or in Kind or for Value to be received (Net)				
a) Considered Good	7,850.7		10,414.4	
b) Considered Doubtful	141.1		77.5	
	7,991.8		10,491.9	
Less : Provision for doubtful advances	141.1	7,850.7	77.5	10,414.4
iii) Deposit with Customs, DGCA, Controller of Airports etc.		660.5		661.9
iv) Advance Payment of Taxes and Tax Deducted at Source		1,988.6		1,484.5
v) Staff Advances :				
a) Secured (Secured against mortgage of house property) A	50.7		74.8	
b) Unsecured				
i) Considered Good	113.5		916.5	
ii) Considered Doubtful	5.4		11.5	
	118.9		928.0	
Less : Provision for doubtful advances	5.4		11.5	
	113.5		916.5	
		B		
		A + B		
		164.2		991.3
		11,175.9		15,300.2

SCHEDULE : "M" : CURRENT LIABILITIES AND PROVISIONS

(Rupees in Million)

Particulars	As at March 31, 2009	As at March 31, 2008
A. CURRENT LIABILITIES :		
i) Sundry Creditors	24,750.7	27,485.4
ii) Amount due to Wholly Owned Subsidiary Companies	36.0	184.0
iii) Interest accrued but not due	302.9	38.1
iv) Advances from Customers (Net)	7,795.8	7,705.6
v) Other Liabilities (Net)*	9,629.2	7,448.7
	42,514.6	42,861.8
B. PROVISIONS FOR :		
1) Wealth Tax	14.6	2.7
2) Gratuity	5,198.3	4,826.5
3) Leave Encashment	3,530.3	2,944.1
4) Post Retirement Medical & Other Benefits	1,172.6	1,041.1
5) Frequent Flyer Programme	125.1	118.1
	10,040.9	8,932.5
	52,555.5	51,794.3

* Include Book Overdraft of Rs.426.0 Million (Previous Year Rs.697.0 Million)

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT**SCHEDULE : "N" : TRAFFIC REVENUE****(Rupees in Million)**

Particulars	Current Year	Previous Period
SCHEDULED SERVICES		
1) Passenger	92,668.9	99,540.7
2) Excess Baggage	697.1	821.5
3) Mail	527.3	523.9
4) Cargo	6,622.1	6,726.5
	100,515.4	107,612.6
OTHERS		
1) Charter	10,639.3	6,985.6
2) Pool	1,452.6	1,693.4
3) Block Seat Arrangement	2,906.4	3,477.6
4) Revenue Share from Air India Charters Ltd. (Wholly Owned Subsidiary Company)	4,283.3	3,208.8
	19,281.6	15,365.4
	119,797.0	122,978.0

SCHEDULE : "O" : HANDLING, SERVICING AND INCIDENTAL REVENUE**(Rupees in Million)**

Particulars	Current Year	Previous Period
1) Handling and Servicing	7,669.1	7,457.5
2) Manufacturers Credit	770.9	1,457.3
3) Incidental	4,008.2	4,490.7
	12,448.2	13,405.5

SCHEDULE : "P" : OTHER REVENUE**(Rupees in Million)**

Particulars	Current Year	Previous Period
1. Dividend from Long Term Investments (Trade)	72.1	23.9
2. Interest Income :		
i) On Other Investments (Non-Trade)	2.0	3.0
ii) On Deposits and Loans :		
a) From Banks (TDS Rs. 4.3 Million, Previous Year Rs.0.2 Million)	136.3	139.1
b) From Others (TDS Rs. Nil, Previous Year Rs. Nil)	51.1	601.6
	187.4	740.7
3. Provisions No Longer Required	999.4	1,010.8
4. Provisions for Obsolescence (Net)	-	3,089.0
5. Provision for Doubtful Debts/Advances Written Back	-	183.7
6. Receipts from Air-India Building (TDS Rs. 4.1 Million, Previous Year Rs. 6.20 Million)	241.5	1,309.8
7. Profit on Sale of Fixed Assets (Net) (Includes Profit on Sale & Lease Back of Aircraft - Rs. Nil, Previous Year Rs.4462.50 Million)	1,046.2	4,698.2
8. Exchange Variation	-	5,037.6
9. Miscellaneous Revenue	-	40.2
	2,548.6	16,136.9

SCHEDULE : "Q" : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES**(Rupees in Million)**

Particulars	Current Year	Previous Period
1. Salaries, Wages, Bonus and Gratuity	22,963.8	22,971.1
2. Crew Allowances	7,365.3	6,566.7
3. Contribution to Provident and Other Funds	913.2	838.4
4. Staff Welfare Expenses	2,146.2	1,868.8
	33,388.5	32,245.0

SCHEDULE : "R" : OTHER EXPENSES**(Rupees in Million)**

Particulars	Current Year	Previous Period
1. Rent, Rates and Taxes	1,194.0	1,001.4
2. Repairs to :		
i) Buildings	134.5	116.7
ii) Others	949.7	636.0
3. Hire of Transport	635.9	574.6
4. Electricity, Heating and Water Charges	766.7	690.5
5. Directors' Fees (*Rs.24,000, Previous Year Rs.10,000)	*0.0	*0.0
6. Publicity and Sales Promotion	407.7	701.5
7. Printing and Stationery	147.0	217.6
8. Legal Charges	91.8	90.6
9. Auditors' Remuneration and Expenses	7.7	14.9
10. Provision for Bad & Doubtful Debts	332.9	217.7
11. Advances to a Wholly Owned Subsidiary Company Charged Off	1,214.8	1,073.2
12. Provision for Obsolescence (Net)	805.2	-
13. Expenses on Block Seat Arrangements	1,242.5	1,186.5
14. Exchange Rate Variation	3,877.3	-
15. Miscellaneous Expenses	2,185.5	3,557.4
	13,993.2	10,078.6

SCHEDULE : "S" : INTEREST AND FINANCE CHARGES**(Rupees in Million)**

Particulars	Current Year	Previous Period
1. Interest on Term Loans :		
a) Loans taken for Aircraft	3,850.4	1,708.3
b) Other Loans	11,766.2	4,622.6
	15,616.6	6,330.9
2. Interest on Bank Borrowings	488.9	272.1
3. Finance Charges	553.3	463.8
	16,658.8	7,066.8

SCHEDULE : "T" : PRIOR PERIOD ADJUSTMENTS (NET)

(Rupees in Million)

Particulars	Current Year	Previous Period*
REVENUE HEADS		
1. Passenger Revenue	(0.6)	288.4
2. Cargo Revenue	0.1	1.7
3. Mail	8.2	2.5
4. Handling, Servicing and Incidental Revenue	121.0	(12.2)
Sub-Total (A)	128.7	280.4
EXPENDITURE HEADS		
1. Handling Charges	(30.6)	-
2. Maintenance Reserve	(12.3)	-
3. Stores and Equipments	(375.4)	-
4. Passenger Amenities	(6.3)	0.9
5. Haj Operation	(41.0)	-
6. Publicity	2.7	0.4
7. Fuel & Oil	11.7	-
8. Insurance	0.4	-
9. Salaries/Staff Welfare Expenses	1,558.3	4.3
10. Landing, Parking and Navigation	(204.3)	0.7
11. Depreciation	-	0.2
12. Booking Agency Commission	263.7	-
13. Communication Charges - Others	9.8	-
14. Rent, Rates and Taxes	(4.2)	-
15. Interest on Investments	(0.4)	(0.3)
16. Exchange Variation	1.6	-
17. Aircraft Dry Lease Charges	(24.4)	-
18. Others (Net)	36.2	142.7
Sub-Total (B)	1,185.5	148.9
Grand Total (B - A)	1,056.8	(131.5)

*The Revenue & Expenditure heads amounting to Rs.131.5 Million (Cr.) (Net) reflected under previous period are for purpose of comparison.

SCHEDULE - "U" : SIGNIFICANT ACCOUNTING POLICIES :**A. ACCOUNTING CONVENTION**

- i) These Financial Statements have been prepared on going concern concept on accrual basis (except as specifically stated) under historical cost convention, and are in compliance with generally accepted accounting principles and the Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956.
- ii) The preparation of financial statements in conformity with generally accepted accounting principles in India requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which results are known/materialized.

B. FIXED ASSETS

- i) a) Aircraft are stated at purchase price. Other incidental costs including interest wherever applicable, are also capitalized up to the date of commercial operation.
- b) Other assets, including aircraft rotables, are capitalized and stated at historical cost.
- ii) Expenditure on major modernization/modification /conversion of aircraft, resulting in increased efficiency/economic life, is capitalized.
- iii) Aircraft Fleet and Equipment under leases, in respect of which substantially all the risks and rewards of ownership are transferred to the Company, are considered as Finance Leases and are capitalized.
- iv) Physical Verification of Assets.
Physical Verification of Assets is done on a rotational basis so that every asset is verified once in every two years and the discrepancies observed in the course of the verification are adjusted in the year in which report is submitted.
- v) Gain or loss arising out of sale/scrap of Fixed Assets including aircraft over the net depreciated value is taken to Profit & Loss account as Non-Operating Revenue or Expenses.

C. DEPRECIATION

- a) Depreciation is provided on all assets on straight-line method.
- b) The rates adopted are in accordance with the manner prescribed under Schedule XIV of the Companies Act, 1956 except for the following :
 - i) New Fleet of Boeing and A-320 family aircraft are depreciated upto 95% of the block value over 20 years instead of 16.96 years.
 - ii) Airframe / Aero Engine Rotables are depreciated upto 95% of the value over the residual average useful life of the related fleet.
 - iii) Increase/decrease in cost arising on account of conversion of foreign currency liability for acquisition of fixed assets is amortized over the residual life of the respective assets including the current year.
 - iv) Electrical fittings, Typewriter & Office Appliances, Other General Equipment and Cabin Catering Equipment are depreciated @ 6.33% instead of 4.75%.
 - v) Motor Cars are depreciated at 20% instead of 9.5%.
 - vi) Depreciation on additions to "Other Fixed Assets" is provided for the full year in the year of acquisition and no depreciation is provided in the year of disposal.
- c) Major modifications /refurbishment, modernization/ conversion carried to leased assets are shown under improvement to leasehold assets and amortized over the balance period of lease.

- d) In case of owned aircraft namely B-737-200 and A-310 converted into freighters, the cost of conversion is amortized over the further life of 10 years.
- e) Leasehold Land other than perpetual lease is amortized over the period of lease.
- f) Intangible assets are amortized over 5 years.
- g) Assets of small value not exceeding Rs 5000 in each case are fully provided for/charged off.

D. INVESTMENTS

Long-term investments are stated at cost less permanent diminution in value, if any. Current investments are valued at lower of cost and fair market value.

E. INVENTORIES

- i) Inventories are stated at cost on weighted average basis.
- ii) Obsolescence provision for aircraft stores and spare parts :
 - a) Provision is made for the non-moving inventory exceeding a period of five years (net of realizable value of 5%) except for (b) & (c).
 - b) Provision is made in full (net of estimated realizable value) for aircraft fleet which has been phased out.
 - c) Obsolescence provision in respect of inventories exclusively relating to aircraft on dry/wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.
- iii) Obsolescence provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

F. MANUFACTURER'S CREDIT

- a) Manufacturers' credits entitlements received from Aircraft / Engine manufacturers, Buyer Furnished Equipment vendors, Seller Furnished Equipment vendors are treated as incidental revenue on accrual basis by debiting Advances. Such advances are adjusted upon utilization.
- b) Warranty claims /credit notes received from vendors are recognized on receipt basis.

G. REVENUE RECOGNITION

- a) Passenger and Cargo Revenue are recognized when transportation service is provided. At the year end, the value of unutilized tickets/airway bills is recognized as Revenue, estimated on the basis of available historical statistical data.
- b) The Pool Revenue is accounted on an accrual basis as per the arrangement with the airlines concerned. Wherever details from pool partners are not available, revenue is booked on proportionate basis based on the documents/information received.
- c) Income from Interest is recognized on a time proportion basis. Dividend is recognized as income when the right to receive is established.
- d) The claims receivable from Insurance Company are accounted for on their acceptance by the Insurance Company.
- e) Other Operating Revenue is recognized when goods are delivered or services rendered during the year.

H. PROVISION FOR DOUBTFUL DEBTS

Debts pertaining to the Govt./Govt Departments/Public Sector Undertakings are provided even if they are more than three years old except for debts which are known to be recoverable with certainty. All other debts are provided for, if they are either more than three years old or specifically known to be doubtful.

I. FOREIGN CURRENCY TRANSACTIONS**i) Foreign Currency transactions of Integral Foreign Operations**

- a) Foreign currency Revenue and Expenditure transactions relating to Integral Foreign Operations are translated at established monthly rates (based on published IATA rates).
- b) Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) Foreign Currency Monetary Items :

The Company has opted for accounting the exchange differences arising on reporting of long-term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard 11 (AS-11) notified by Government of India on 31st March 2009. Accordingly, the effect of exchange differences on foreign currency monetary items of the company is accounted by addition or deduction to the cost of the assets so far as it relates to depreciable capital assets and in other cases by transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized over the balance period of the long term monetary items or 31st March 2011 whichever is earlier.

iii) Current Assets & Current Liabilities :

- a) Foreign currency denominated current assets and current liabilities balances at the year-end are converted at the year end exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI), and the gains/losses arising out of fluctuations in exchange rates are recognized in the Profit and Loss Account.
- b) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists.

J. RETIREMENT BENEFITS

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

- a) Defined Contribution Plans consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. The Company has created separate Trusts to administer Provident Fund contributions to which contributions are made regularly. ESI dues are regularly deposited with government authorities.
- b) The Company's Defined Benefit Plans, which are not funded, consist of Gratuity, Leave Encashment including Sick Leave and Post Retirement Medical Benefits and other benefits. The liability for these benefits except for c) below is actuarially determined under the Projected Unit Credit Method at the year end as per Indian Laws.
- c) Liability for Gratuity, Leave Encashment, Pension and other retirement Benefits for staff directly recruited at foreign stations is provided in compliance with local laws prevailing in the respective countries based on available information as at the year end.

K. BORROWING COST

- a) Borrowing cost that are directly attributable to acquisition, construction or Production of qualifying assets including capital work-in-progress are capitalized up to the date of commercial use of the assets.
- b) Interest incurred on funds that are generally borrowed and used indirectly for acquisition of qualifying assets exceeding the value of Rs.10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at that point of time.

L. IMPAIRMENT OF ASSETS

The carrying value of Fixed Assets of the identified cash-generating unit are reviewed for impairment at each Balance Sheet date to determine whether there is any indication of impairment. The aircraft are grouped at the fleet type level to constitute a cash-generating unit, for comparing the recoverable amount (higher of its net selling price and value in use) with the carrying amount. The net selling prices of aircraft fleet and equipment are estimated by the management using published sources as available. If the carrying value of a cash-generating unit exceeds its estimated recoverable amount an impairment loss is recognized in the Profit & Loss Account and the asset value of the cash-generating unit is reduced to its recoverable amount.

M. OPERATING LEASE

- a) Leases where the lessor effectively retains substantially all the risks and rewards of ownership of the leased assets are classified as Operating Lease and Lease rental payable for the year is charged to Profit & Loss Account.
- b) Contributions made to lessors on account of Maintenance Reserve for which maintenance is expected to arise during the lease period is treated as a Prepaid Expense. These contributions are adjusted to expense whenever the maintenance expenditure arises. All other contributions towards maintenance reserve are charged in the year of contribution.

N. COMMODITY HEDGING TRANSACTIONS

Commodity hedging contracts are accounted on the date of their settlement and realized gain / loss in respect of settled contracts are recognized in the profit and loss account.

O. TAXES ON INCOME

Provision for current tax is made in accordance with the provisions of Income Tax Act, 1961.

Deferred tax is recognised on timing differences between book and taxable profit using the tax rates and laws that have been enacted or substantively enacted as on the Balance Sheet date. The Deferred tax assets are recognised and carried forward to the extent that there is a virtual certainty based on operational and financial restructuring, revenue generation and cost reduction programme of the company that the assets will be realised in the future.

P. HAJ OPERATIONS

Company acts as a 'Nodal Agency' on behalf of the Government of India and the expenses incurred by the Company / paid to other participating airlines and claimed from the Government of India/ Central Haj Committee are accounted for as expenditure/ revenue.

Q. PROVISIONS, CONTINGENT LIABILITIES & CONTINGENT ASSETS

- a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources.
- b) Contingent liabilities exceeding Rs.0.1 million in each case are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.
- c) Contingent Assets are neither recognized nor disclosed in the financial statements.

R. FREQUENT FLYER PROGRAMME

The Company operates joint Frequent Flyer programme that provides travel awards to its members based on accumulated mileage points. The estimated food cost and legal liability, if any, for free travel under this programme is provided for and charged to Profit and Loss Account

S. OTHER LIABILITIES

Liabilities which are more than three years old are written back unless such liabilities are specifically known to be payable in the future.

T. PREPAID EXPENSES/LIABILITY FOR EXPENSES

Pre-paid expenses /Liabilities for expenses are recognized as under :-

- a) Foreign Stations – Rs. 50,000/- and above in each case.
- b) Domestic Stations – Rs 10,000/- and above in each case

SCHEDULE - "V" : NOTES TO ACCOUNTS :

1. Contingent Liabilities not provided for :

A. Claims against the Company not acknowledged as debts and being contested to the extent ascertainable and quantifiable:

(Rs in Millions)

	Nature of Claim	Description	As at 31.03.09	As at 31.03.08
1	Passenger and Cargo Claims	Claims on account of denied boarding, loss of passenger baggage, mishandled baggage delayed flight, cancellation of flights, damaged consignments and late receipt of cargo.	1071.1	485.7
2	Maintenance of Leased Aircraft	Claims on account of maintenance of leased A-320 aircraft.	590.8	-
3	Income Tax	Demand Notices received by the Company which are under Appeal	1677.6	2999.9
4	Customs Duty and Service Tax	Customs Duty and Service Tax demanded by the Tax Authorities	616.4	632.6
5	Sales Tax	Sales Tax Demands made by the State Government.	67.9	67.9
6	Municipal Taxes/House Tax	Property Taxes/House Tax demanded by Municipal Authorities	110.5	100.1
7	Airport Authority of India/ HAL	Claims of Licence Fees, X-Ray, TNLC, Landing Charges, Parking Charges etc.	826.8	1106.1
8	Others	Claims on account of Staff/Labour cases and pending court cases of agents on account of commission.	1259.0	939.3
		Total	6220.1	6331.6

B. Corporate Guarantee, Letter of Comfort given by the Company on behalf of its Wholly owned Subsidiary Companies :

(Rs in Millions)

Particulars	As at March 31, 2009	As at March 31, 2008
i) AASL	250.5	135.2
ii) Air India Charters Ltd.	7658.6	9106.8

2. Capital Commitments are in respect of estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) – Rs. 245055.0 million (Previous Year : Rs 247835.7 million) the details of the same are as under :

(Rs in Millions)

Particulars	As at March 31, 2009	As at March 31, 2008
i) For Aircraft Project	243714.2	247755.6
ii) Others	1340.8	80.1
Total	245055.0	247835.7

3. Change in Accounting Policies/Practices :

- a) Certain Computer Software which was being amortized over a period of three years are now amortized over a period of five years. This has resulted into a less charge of depreciation to the Profit & Loss Account by Rs 30.2 million.
- b) Provision for Obsolescence on inventory in the previous year was provided on the following :
 - In respect of the fleet relating to freighter aircraft the provision was made over ten years from the date of conversion of freighter to the full value.
 - In respect of Sale & Lease back wide body aircraft the provision for obsolescence was made in full over the lease period.
 - In respect of non-moving aircraft stores and spares which had not moved for a period of five years the provision was made in full.

As per the revised policy, the obsolescence of inventories will now be provided in respect of all the above keeping a residual value of 5%. This change in method of valuation has resulted in taking credit to the Profit & Loss Account of Rs 937.2 million.
- c) Provision for Doubtful Debts pertaining to Government Departments and Public Sector Undertakings was not provided even if they were more than three years old unless and until specifically known to be doubtful. This policy has been changed during the current year whereby provision for doubtful debts is now made for all debts including Govt. debts if they are more than three years old, except for those which are known to be recoverable with certainty. This has resulted in an additional charge to the P&L Account by Rs 413.2 million.

4. Amendment Impact of AS-11 :

As stated in the Accounting Policy No I (ii), the Company has opted for accounting the exchange differences arising on reporting of long-term foreign currency monetary items in line with Companies (Accounting Standards) Amendment Rules 2009 relating to Accounting Standard 11 retrospectively.

The financial impact of the above on the accounts for the year is as under :

- a) The exchange differences on the revaluation of long term liabilities amounting to Rs 18537.2 million including Rs 831.5 million relating to the previous period, utilized for the acquisition of depreciable assets have been adjusted to the cost of the related depreciable assets.
 - b) Similarly, the exchange difference on the foreign currency loans taken for working capital has been kept in the "Foreign Currency Monetary Items Translation Difference Account" from the retrospective period i.e. 1st April 2007. This amount is amortized over the balance period of the long term monetary items or 31st March 2011 whichever is earlier. In so far as it relates to the previous period upto 31st March 2008 the amount has been adjusted to the General Reserve and in so far as it relates to the current year the same has been charged to the Profit & Loss Account.
 - c) The effect of the above adjustments is that the loss for the previous period is higher by Rs 1282.2 million net of Deferred Tax Assets of Rs 621.0 million and the loss for the current year is lower by Rs 26461.5 million.
 - d) The amount remaining to be amortized in the financial statements in this regard is Rs 1528.0 million and is included under the head "Foreign Currency Monetary Items Translation Difference Account".
5. The accounts for the year 2008-09 for both wide body and narrow body operations have been maintained separately and consolidated for finalization of accounts of the company.
6. Effective April 2007, Oracle based ERP package was introduced in erstwhile Air India, in which Accounts Receivable (AR), Accounts Payable (AP), Cash Management (CM), General Ledger (GL) modules were made operative with a coverage of all stations in India and abroad. The Payroll Accounting and Aircraft Inventory Accounting are yet to be integrated with this package. Wherever ERP package is yet to be installed, necessary data entry is taken care at Central Accounts Office (CAO). As this package is under stabilization, an exhaustive review of various intermediary accounts was carried out during the current year and necessary corrective action for the errors noted, has been carried out. In respect of erstwhile Indian Airlines, presently the accounts are not maintained under the ERP package and the unification of accounts is under process. In order to implement ERP across the entire finance functions, a unified chart of accounts have been drawn up and the integrated financial statements would be drawn up in the near future.
7. Valuation of Immoveable Assets :
- One of the immovable assets namely Housing Colony, Vasant Vihar, New Delhi was valued by the Registered Valuer as Rs 51295.1 million. Though the Lease Deed of this property has been cancelled by the Land and Development Officer (L&DO), the valuation as per legal opinion obtained is subject to the reinstatement of Lease Rights by the L&DO, Ministry of Urban Development. In order to regularize the transaction, the matter is being regularly taken up with the L&DO, New Delhi. In this respect, as required by the L&DO office copies of the original layout plan, sanctioned plans, drawings and attestations thereon were submitted to them in Aug'09. The matter is being vigorously followed up with the authorities and the company is hopeful for regularization and reinstatement of the property rights to the company.

8. General Reserve

The Amalgamation Order dated 22nd August 2007 at Para 35(a) contained a Clause to the effect that "The Transferee Company shall comply with AS-14 as notified by the Central Government and that a suitable provision shall be incorporated in Para 4.2 Part IV of the Scheme. Further, any provision of the Scheme not consistent with the said Accounting Standard shall be superseded and stands amended to that extent." In accordance with this, it was interpreted to mean that the excess of assets over liabilities to be treated as General Reserve as per the Scheme of Amalgamation, was treated as Capital Reserve in the accounts for the period ended 31st March'08.

The Company made an application under Rule 9 of the Companies (Court) Rules 1959 read with Section 211 of the Companies Act 1956 read with Para 37 of the Order dated 22nd August 2007, requesting the Ministry of Corporate Affairs, Govt. of India for issuing directions to permit the company to treat the excess of assets over liabilities as General Reserve.

The said Ministry accordingly passed an Order dated 15th May 2009 amending the Amalgamation Order to clearly state that the Accounting Standard 14 should be followed as stated by the Central Govt. in a manner consistent with the requirements of Companies Act 1956. The said Accounting Standard 14 states that in case the statutory authority gives a different treatment to be given to any Reserves, the same would prevail over the Accounting Standard treatment to be given in the normal circumstances.

In accordance with the Order, the entire amount of Capital Reserve has been transferred to General Reserve with effect from 01.04.07. The following disclosures are made in accordance with the requirements of the Accounting Standard 14.

The Company has transferred a sum a Rs 80280.9 million to General Reserve from Capital Reserve representing the difference between the excess of the value of net assets of the transferor companies over the value of shares allotted by the transferee company.

The reason to specifically allow a different treatment was to permit the General Reserve to be utilized by the Company for providing maximum flexibility to achieve financial and capital restructuring and to improve the key financial ratios and for utilization for such purposes as the Company at its own discretion considers proper including but not limited to declaration of dividend. Hence, the carried forward losses have been adjusted against the General Reserve, subject to the Shareholders approval, which would not have been possible if the difference of excess of assets over liabilities were to be treated as Capital Reserve.

Had the Scheme not prescribed this treatment, Rs 80280.9 million would have been credited to Capital Reserve instead of General Reserve.

9. The Company has made an application to the Ministry of Corporate Affairs for charging a lower rate of depreciation on the new fleet of B-777 and Airbus 319 & 321 aircraft considering the economic life of the assets is 20 years. This rate is lower than the rate prescribed in Schedule XIV to the Companies Act. These aircraft are new generation, state of art new technology aircraft. The approval from the Ministry of Corporate Affairs is awaited. This has resulted in less charge to the P&L Account by Rs 924.0 million (Previous Year: Rs 246.3 million).

10. Due to uncertainties, claims for reimbursements from employees availing medical, educational and other leave without pay, claims comprising of interest from suppliers / other parties are accounted for on cash basis. The impact of the same is not material.

11. As per Ministry Order, Vayudoot was to be merged with Erstwhile IAL and the merger is pending for compliance of legal formalities. In compliance with the Ministry's directions, the company had absorbed Vayudoot employees and usable assets of the Vayudoot were being utilized by the company. However, as the merger is still pending, the assets and liabilities continue to be reflected in the books of the Vayudoot and no financial entries to this effect have been affected in the books of accounts of NACIL.

The legal formalities of merger of Vayudoot Ltd with NACIL are expected to be completed in the year 2009-10.

12. The Company has carried out the assessment of Impairment of Assets in compliance of Accounting Standards (AS-28) 'Impairment of Assets'. There has been no impairment loss during the year.

13. Borrowing costs capitalized during the year including the AS-11 Notification effect are Rs 2957.5 million (Previous Year Rs 3413.9 million).

14. Status of MOU with Mumbai International Airport Ltd (MIAL).

An agreement has been entered into between Airports Authority of India and MIAL whereby MIAL has been entrusted with the responsibility to develop Mumbai Airport. Accordingly, MIAL has indicated to the Company that the company has to surrender certain leasehold land (which was on lease from Airport Authority of India) to MIAL for the purpose of airport development.

Under the proposed MOU to be signed by the company with MIAL, buildings to be demolished would be reconstructed at MIAL cost at alternate locations acceptable to the company. In respect of buildings demolished which were not required to be reconstructed MIAL would pay compensation on agreed formula. Also MIAL would provide concession/rebate in license fee/ rentals on the land/spaces occupied by the company at the airport. The company is still in the process of negotiating with MIAL and a formal MOU is yet to be entered into.

15. Fringe Benefit Tax :

Free/Concessional passages allowed to the employees are not treated as fringe benefit because a representation has been made to the Ministry of Finance through the Ministry of Civil Aviation in this regard. Further, expenditure incurred on Crew Hotel has also been excluded from the purview of FBT based on the expert opinion received by the company. The Company has also referred the matter to the Ministry of Civil Aviation requesting them to take up these issues with the Ministry of Finance for suitable amendments/ exemptions the outcome of which is awaited.

16. (a) Current Assets, Loans and Advances

Balancing of Subsidiary Ledgers and reconciliation including matching of Debit/Credit entries in certain subsidiary records with the corresponding Control Accounts in General Ledger is a continuous process. During the year considerable improvements have been achieved in reconciling the various subsidiary ledgers with the General Ledger balances. However, impact, if any, of consequential adjustment arising out of reconciliation on Financial Statements will be dealt in the year of adjustment. The position of the un-reconciled accounts is given as under :

(Rupees in Million)

Particulars	March 31, 2009	March 31, 2008
A. Current Assets		
a) Goods-in-Transit	131.2	242.9
b) Sundry Debtors	-	384.7
c) Cash & Bank	18.7	862.8
d) Advances Recoverable	351.2	2632.6
B. Current Liabilities	1327.7	2760.2

(b) The Service Tax and TDS accounts are being reconciled to be in line with the Returns filed. In respect of Service Tax, the Input Credits which cannot be carried forward and availed of, amounting to Rs 469.8 million are debited to the natural heads of Account.

(c) Closing balances of certain accounts are not translated at the FEDAI rates due to complexity of the transactions and non-availability of currency wise break-up of the balances. However, the impact of translation of these balances is not material.

(d) The company has sought the confirmation of balances for most/major receivables and payables and in this respect parties have been requested to confirm the balances as on 31st March'09. Wherever the balances confirmed by the parties are not in agreement, the reconciliation is under process.

17. Handling Revenue

a) Pending finalization of agreements, Handling Revenue of Rs.142.8 million (Previous Year: Rs 204.0 million) at Cochin International Airport Ltd (CIAL) on services provided to Jet Airways has been recognized on the basis of handling rates quoted by the company for such services. Meanwhile, Jet Airways has also referred the issue of ground handling at CIAL to MRTPT and the matter is sub-judice. Disputed amount as on 31.03.2009 is Rs 689.7 million.

b) Pending finalization of agreement, Security Revenue of Rs 9.69 million (Previous Year: Rs 13.98 million) at Mumbai International Airport on services provided by the company to Jet Airways and Kuwait Airways has been recognized on the basis of rates quoted by the company for such services. Disputed amount as on 31.03.2009 is Rs 29.8 million.

18. The Mail Revenue from DGP&T for the year is recognized @ Rs. 20.47 per Tonne Kilo Metre as per the Award given by the Ministry of Finance by order dated 09th April, 2007 for the mail rates for the year 2003-04. Rates for the subsequent periods are still pending for finalization by the Ministry of Finance. The difference between the above billed rate and the rate to be finalized by the Ministry of Finance for subsequent periods will be recognized in the year of such finalization.

19. Segment Reporting :

a) The Company is engaged in airline related business, which is its primary business segment, and hence, segment results are not disclosed. The details of geographical area wise revenue earned (derived by allocating revenue to the area in which the sale was made) are given hereunder :

(Rupees in Million)

Particulars	2008-09	2007-08
a) USA / Canada	14322.5	14141.7
b) UK / Europe	7291.8	9314.2
c) Asia, Africa & Australia excluding India	26484.8	29356.4
d) India	84146.1	83571.2
Total	132245.2	136383.5

- b) The major revenue-earning asset of the Company is the aircraft fleet, which is flexibly deployed across its worldwide route network. There is no suitable basis for allocation of assets and liabilities to geographical segments. Consequently area-wise assets and liabilities are not disclosed.

20. Related Party Transactions :

Disclosures as required by Accounting Standard (AS-18) "Related Party Disclosures" are given below :

A. Key Managerial Personnel & Relatives :

	Name	Position on Board	Designation
1	Mr. Raghu Menon	CMD	Chairman & Managing Director
2	Mr. N. Vaghul	Independent Director	Ex-Chairman, ICICI Bank Ltd.
3	Mr. R. K. Singh	Govt. Nominee (upto 09.02.09)	Joint Secretary, Ministry of Civil Aviation
4	Mrs. Vilasini Ramachandran	Govt. Nominee (upto 20.03.09)	Addl. Secretary & Financial Advisor, Ministry of Civil Aviation
5	Mr. E. K. Bharat Bhushan	Govt. Nominee (w.e.f. 20.03.09)	Joint Secretary & Financial Advisor, Ministry of Civil Aviation
6	Mr. Prashant Sukul	Govt. Nominee (w.e.f. 09.02.09)	Joint Secretary, Ministry of Civil Aviation
7	Mr. Amod Sharma	Functional Director	SBU Head (Related Business)
8	Mr. Anup K. Srivastava	Functional Director	Director (Personnel)
9	Ms. Anita Khurana	Functional Director	SBU Head (Cargo)
10	Mr. Vipin K. Sharma	Functional Director	SBU Head - MRO (Eng. & Comp);
11	Mr. K.M. Unni	Functional Director	SBU Head – MRO (Airframes)
12	Mr. S. Chandrasekhar	Functional Director	Director (Finance)

B. Transactions with Key Managerial Personnel :

- (i) There are no other transactions with key managerial personnel except Remuneration and Perquisites to Chairman & Managing Director and Functional Directors.
- (ii) Transactions such as providing Airline related services in the normal course of Airline business are not included above.

C. Joint Working Group Arrangement :

a) Joint Working Group with M/s. HAL at Bangalore :

During the year, the Company's share of profit from Joint Working Group arrangement with HAL for Ground Handling arrangement at Bangalore Airport was Rs.50.61 million (Previous Year : AI- Rs.300 million).

b) Joint Venture (JV) with M/s. Singapore Airport Terminal Services (SATS), Singapore :

The Company entered into separate JV Agreements with M/s. SATS for the following :

(Rupees in Million)

	Joint Venture	Place	Share Ratio (NACIL : SATS)	Approx. Project Cost
i)	Ground Handling	Bangalore	60 : 40	730
ii)	Cargo Terminal	Bangalore	50 : 50	990
iii)	Ground Handling	Hyderabad	51 : 49	800

The Hyderabad Airport became operational on 23rd March 2008 and the Bangalore Airport on 24th May 2008.

Approval from the Government has been received for formation of a single JV company covering all Metro airports including Bangalore and Hyderabad in the ratio of 50:50 between NACIL and SATS. Based on the intimation received from M/s SATS that the JV Company is to be formed between NACIL and M/s SATS Investments Pte Ltd (subsidiary of M/s SATS), a revised proposal is to be submitted to the Government after obtaining the Board's Approval pending which the JV Agreement has not been entered into.

Pending completion of the required formalities, the transactions with the JV have been reflected as under :

1. Payments made on behalf of the JV amounting to Rs 559.1 million as well as other recoverables, accounted for provisionally based on estimates, amounting to Rs 276.1 million for which bills are yet to be raised (constituting Rs 99.6 million being salaries of staff seconded to the JV and Rs 176.5 million being lease charges of ground equipment valuing Rs 1046.0 million, leased to the JV) totaling to Rs 835.2 million have been reflected under the following heads :

Investments	:	Rs 333.9 million
Loans & Advances	:	Rs 501.3 million
		Rs 835.2 million
2. The rate for provision of Ground Handling services by the JV for NACIL flights are to be finalized and the liability has been provided under the head of "Handling Charges" for at the following provisional rates based on cost data submitted by AI-SATS.

Particulars	Domestic Rate (Rs.)	International Rate (Rs.)	Outstanding Liability Provision (Rs. in Millions)
Hyderabad	29459	36823	166.9
Bangalore (A-320)	30000	36000	180.2
Bangalore (A-310)	-	46875	40.8
Total			387.9

In view of the non-completion of the accounts of the JV, the company's share of the Profit/(Loss) of the JV is not ascertainable and accordingly the same has not been recognized in the accounts for the year.

- D. No loans or credit transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year except Rs 0.06 million (Previous Year: Rs 0.08 million) on account of Housing Loan outstanding against Sh. Anup K. Srivastava, Director (Personnel) which is required to be disclosed in accounts under the Companies Act, 1956.
- E. In the opinion of the Company, the agreements with various Airlines, private parties termed as "Joint Operations/Code-share Agreements" do not fall within the definition of Joint Venture as mentioned in Accounting Standard (AS-18) and (AS-27), hence are not included in above disclosures.

21. Managerial Remuneration :

(Rupees in Million)

Particulars	2008-09	2007-08
Chairman & Managing Director		
Salaries and Allowances (Includes value of perquisites : Rs.0.03 million) (Previous Year : Rs.0.08 million)	1.8	2.9
Contribution to Provident Fund	0	0
Functional Directors		
Salaries and Allowances (Includes value of perquisites : Rs.0.11 million) (Previous Year : Rs.0.15 million)	14.9	15.3
Contribution to Provident Fund	0.4	0.5

Note : As regards retirement benefits, since it is done on a global basis no allocation has been made.

In addition to the above, the Chairman and Managing Director has been allowed use of staff car, including private journeys on payment of Rs. 780 per month, as contained in the Ministry of Finance (BPE) circular No.2 (18)/PC/64 dated November 29,1964 as amended. Functional Directors have also been allowed to use staff car, including private journeys on payment of Rs.150 per month as per the policy of the Company.

22. Leases :

(A) Finance Leases

- a) Aircraft Fleet and Equipment acquired subsequent to 1st April 2001, under finance leases are treated as if they had been purchased outright. The cost of these assets taken on lease is Rs.97067.4 million (Previous Year : Rs. 70195.7 million). The future lease obligation is Rs.116655.7 million as at March 31, 2009 (Previous Year : Rs.62658.5 million).

b) Liability on account of future minimum lease rentals is as under :

(Rupees in Millions)

	Particulars	As at 31.03.09	As at 31.03.08
a)	Outstanding balance of minimum lease payments including interest thereon		
	- Not later than one year	10923.0	6711.4
	- Later than one year and not later than five years	49962.1	34518.2
	- Later than five years	72587.9	38362.2
	Total	133473.0	79591.8
b)	Present Value of (a) above		
	- Not later than one year	8134.0	4266.5
	- Later than one year and not later than five years	41520.6	24911.8
	- Later than five years	67001.1	33480.2
	Total	116655.7	62658.5
c)	Finance Charges	16817.2	16933.3

(B) Operating Lease

a) The Company has taken aircraft on non-cancelable operating lease. The future minimum lease rental payment, as at March 31, 2009, is Rs.29340.0 million (Previous Year : Rs.20752.5 million)

Liability on account of future minimum lease rentals in respect of leases acquired after April 01, 2001 :

(Rupees in Million)

	Particulars	As at 31.03.09	As at 31.03.08
		NACIL	NACIL
a)	Not later than one year	8254.9	6147.0
b)	Later than one year and not later than five years	18210.7	12740.6
c)	Later than five years	2874.4	1864.9
	Total	29340.0	20752.5

However, in case of premature termination balance lease rent for unexpired period is payable on termination.

Lease rent expenses, in respect of assets taken on lease are recognized in Profit & Loss Account for the year is Rs.9477.2 million (Previous Year : Rs.7436.6 million).

- b) The Company has taken various residential/commercial premises under cancellable operating lease. These lease agreements are normally renewed on expiry.
- c) The Company has also taken Vehicles and Office Equipment on operating lease with option to purchase but title may or may not eventually be transferred. These assets are scattered at various stations and cumulatively not significant. Complete details of future obligation in this respect could not be compiled, amount whereof is not material, hence not disclosed.

23. Airline Allied Services Limited (AASL)

The company has given 6 B-737-200 aircraft on lease to AASL, its wholly owned subsidiary company. The company is providing extensive infrastructure and administrative supports to AASL. These supports inter-alia include manpower, issuance of traffic documents, IT & reservation facilities, billing & realization of dues, procurement & storage of dry in-flight consumables, collection & deposit of PSF etc. The charges for services provided to AASL, including reimbursable cost/expenditure incurred by the company on behalf of AASL have been charged to AASL in terms of MOUs and other mutual understanding/arrangements existing between the company and AASL. However, the charges for the lease of the aircraft, substitution of aircraft and for aircraft handling have not been charged to AASL.

An amount of Rs.1214.76 million (Previous Year: Rs.1073.2 million) due from AASL in respect of the above transactions for the financial year 2008-09 has been written off from the books of account and included under the head of "Advances to Wholly Owned Subsidiary Company Charged Off"

24. Investment made by the company in its various wholly owned Subsidiaries does not take cognizance of losses incurred by the said Subsidiaries. Information regarding the accumulated losses of the companies is given in the statement attached as required under Section 212 of the Companies Act, 1956.
25. Earning Per Share

(Rupees in Million)

Particulars	As at 31.03.09	As at 31.03.08
Profit/(Loss) After Tax & Before Extra-Ordinary Items	(55482.6)	(22261.6)
Less : Extra-Ordinary Items	0	0
Profit/(Loss) After Tax & Extra-Ordinary Items	(55482.6)	(22261.6)
Weighted Average No. of Equity Shares	145000000	145000000
EPS Before Extra-Ordinary Items (Rs. per Share)	(382.6)	(153.5)
EPS After Extra-Ordinary Items (Rs. per Share)	(382.6)	(153.5)

26. Deferred Tax Asset

The loss sustained during 2008-09 was mainly due to factors attributable to extraordinary revenue/cost environment prevailing in the aviation sector caused on account of high fuel prices, global recession, financial melt down due to collapse of major financial institutions globally thereby causing economic slow down.

The company has taken several initiatives towards cost-cutting and revenue enhancement during the year 2009-10. These measures which are aimed at operational and financial restructuring include inter alia rationalization of different routes which do not meet cash costs, reduction in fuel expenditure through implementation of recommendations made of IATA Group on Fuel Efficiency, return of leased aircraft and induction of a brand new fleet with the phase out of the old fleet, reduction in manpower and other costs and rationalization of outsourcing activities. The revenue enhancement measures mainly target increase in passenger load factor and yields, increase in cargo, excess baggage and onboard revenues, generating additional revenue on account of Engine MRO and Line Maintenance and alternate use of properties owned by the Company. A detailed turnaround plan was also presented to the Committee of Secretaries followed up with an action plan and a high level monitoring committee has been set up to track cost/revenue at the Government level.

As part of the financial restructuring plan, the Government has been requested for infusion of equity to cover the repayment of the Principal and Interest over the next 3 years amounting to Rs. 9000 Crores as well as a GOI Guarantee or Letter of Comfort for the working capital loan availed of by the company. The Company has also appointed a reputed consultant in order to track and validate cost at various levels. A consultant for debt restructuring has also been appointed for restructure debt to reduce the interest burden.

With the global economy coming out of recession in the next 2 to 3 years span, it is expected that there would be a rejuvenation of air travel globally and in and out of the country. There is already evidence of revival in the business opportunities on the domestic front which would invigorate air travel. The Management is of the view that as a result of the pick up in the global economies including India and the cost-cutting/revenue enhancement measures being put in place, it is expected that the Company would turn around its performance and return to profitability in the next 3 years. Taking into consideration the aforesaid factors, the excess of Deferred Tax Assets over Deferred Tax liability has been recognized to the extent of Rs 15930.8 million (Previous Year: Rs 10845.3 million) in line with the industry practice.

As such, the Company has deferred tax assets amounting to Rs.28425.2 million on as on 31.03.09 the details of which are given below :

(Rupees in Million)

Particulars	As at 31.03.09	As at 31.03.08
(A) Deferred Tax Liability		
i) Related to Fixed Assets	28606.5	13599.4
Sub-Total	28606.5	13599.4
(B) Deferred Tax Assets		
i) Unabsorbed Depreciation	20356.8	7092.6
ii) Business Loss (Refer Note below)	32127.9	13833.2
iii) Other Disallowances under Income Tax Act	4547.0	4547.0
Sub-Total	57031.7	25472.8
Deferred Tax/(Liability) (Net)	28425.2	11873.4

Note : Out of the total available Net Deferred Tax Asset amounting to Rs.18912.0 million during the current year, the Net Deferred Tax recognized is Rs.15930.8 million. The Net Deferred Tax Asset recognized during the year consists of Rs.13184.0 million towards unabsorbed depreciation and out of the balance of Rs.5728.0 million towards business loss and other disallowances under Income Tax Act, an amount of Rs.2746.8 million has been recognized towards abnormal increase in the price of ATF in the current year as compared to the previous period.

27. Airports Authority of India (AAI) Dues Recoverable/Payable

- a) There were certain disputes with AAI regarding facilities availed by erstwhile Indian Airlines Ltd at various airports. Secretary, Ministry of Civil Aviation appointed Smt. Vilasini Ramachandran, AS&FA as the Arbitrator to adjudicate on the outstanding disputes. After due deliberation the Arbitration Award was given on 12th February 2009 covering outstanding issues such as Expenses/Liability towards License Fee, Landing and Parking Charges, Navigation Charges and other Miscellaneous Charges payable to Airports Authority of India. This award is not applicable to erstwhile Air India Ltd.

The financial impact of this Award has been incorporated in the accounts for 2008-09 and the directions on most of the issues as given in the Award have been implemented in the books and same has resulted into a reversal of excess liabilities earlier provided to the tune of Rs.180.5 million (Net).

- b) The outstanding balance payable to AAI is Rs.3231.2 million (Net) (Previous Year : Rs.3553.8 million (Net) is subject to confirmation and reconciliation. The effect of adjustment, if any, will be accounted for in the year of adjustment.
- c) Dues recoverable on account of Ground Handling activity amounting to Rs.1019.9 million is yet to be received (Previous Year : Rs.1019.9 million).
- d) In the absence of any agreement/understanding with Airports Authority of India (AAI) the company has recognized total revenue of Rs.603.3 million towards Agricultural and Processed Foods Export Development Authority (APEDA) handling with effect from 2004-05 until 31.03.2009 on the basis of quoted rates.

28. Payments to and Provisions for Employees :

- a) Liability for wage arrears include Rs. 4825.6 million (Previous Year Rs. 5808.6 million) towards wage settlement up to period 31st December, 2006. Liability for wage arrears for the period upto 31/12/06 is being reviewed every year end and adjustment if any, is given effect to.
- b) The Company has not determined the impact of increase in wage arrears on retirement benefits in respect of certain categories of employees with whom wage agreements have not been settled.
- c) In view of Department of Public Enterprises (DPE) guidelines applicable to PSUs no wage revision can be granted to the employees of loss-making PSUs. The Company has made losses during the year; hence no provision has been made towards wage revision effective 1st January 2007.

29. Employee Benefits :

(A) General description of Defined Benefit Plan

- a) Gratuity : Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act or as per the Company's Scheme, whichever is more beneficial.
- b) Leave Encashment : Privilege Leave Encashment is payable to all eligible employees at the time of retirement upto a maximum of 300 days and Sick Leave encashment is payable to all eligible employees at the time of retirement upto a maximum of 120 days subject to the condition that the employee should have at least 60 days of Sick Leave to his credit.
- c) Post Retirement Medical Benefits : The Company has a Post Retirement Medical Benefit Scheme under which medical benefits are provided to retired employees and their spouse.

(B) Defined Contribution Plan

Employees Provident Fund : The Company has an Employees Provident Fund Trust under the Provident Fund Act 1925, which governs the Provident Fund Plans for eligible employees. The Company as well as the employees contributes 10% of the PF Pay to the Fund out of which Provident Fund is paid to the employees.

(B) Defined Benefit Plan - Gratuity (Unfunded)

(Rupees in Millions)

	Particulars	As at 31.03.09	As at 31.03.08
a)	Change in Benefit Obligation :		
	Liability at the beginning of the year	4539.0	4258.8
	Interest Cost	367.5	344.0
	Current Service Cost	411.6	189.5
	Benefit Paid	(652.8)	(323.5)
	Actuarial (gain)/loss on Obligations	123.7	70.2
	Liability at the end of the year	4789.0	4539.0
b)	Fair Value of Plan Assets :		
	Fair Value of Plan Assets at the beginning of the year	-	-
	Expected return on Plan Assets	-	-
	Contributions	652.8	323.5
	Benefit Paid	(652.8)	(323.5)
	Actuarial (gain)/loss on Plan Assets	-	-
	Fair Value of Plan Assets at the end of the year	-	-
	Total actuarial gain/(loss) on Plan Assets	0	0
c)	Actual return on Plan Assets :		
	Expected return on Plan Assets	-	-
	Actuarial (gain)/loss on Plan Assets	-	-
	Actual return on Plan Assets	-	-
d)	Amount Recognized in the Balance Sheet :		
	Liability at the end of the year	4789.0	4539.0
	Fair Value of Plan Assets at the end of the year	-	-
	Difference	-	-
	Amount Recognized in the Balance Sheet	4789.0	4539.0
e)	Expenses Recognized in the Profit & Loss Account :		
	Current Service Cost	411.6	189.5
	Interest Cost	367.5	344.0
	Expected return on Plan Assets	-	-
	Net actuarial (gain)/loss to be recognized	123.7	70.2
	Expenses Recognized in the Profit & Loss Account	902.8	603.7
f)	Balance Sheet Reconciliation :		
	Opening Net Liability	4539.0	4258.8
	Expense as above	902.8	603.7
	Employer's contribution	(652.8)	(323.5)
	Closing Net Liability	4789.0	4539.0
g)	Actuarial Assumptions for the year :		
	Discount rate	7.25%	8.00%
	Rate of return on Plan Assets		
	Salary Escalation	4.00%	4.50%

30. The Micro, Small and Medium Enterprises

Based on the information available with the Company there are no suppliers, contractors, service providers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" as on March 31, 2009.

31. Remuneration to Auditors

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

(Rupees in million)

Particulars	2008-09	2007-08
Audit Fees - For the Year	4.8	4.8
Audit Fees - For Previous Year	-	0.8
Out of Pocket Expenses (On Payment Basis)	3.0	9.1
Other Services	0.3	0.1
Total	8.1	14.8

32. Rental Receipts from Air India Building :

The erstwhile Air India Board in its 8th meeting held on 24 November 1994 approved the appointment of an Estate Officer, issuance of fresh Notices to all the Licensees of Air India Building for eviction and appointment of Mr. M.K. Shah, Advocate to represent Air India in the proceedings under the Public Premises (Eviction of Unauthorized Occupants) Act. Accordingly, Eviction Notices were issued to all occupants after which these occupants were treated as unauthorized occupants and became liable for payment of mesne profits/damages. The Estate Officer conducted proceedings under the Public Premises Act and as a result eviction orders were passed against all the occupants during the period 1996 to 2002.

Subsequently, company pursued damage cases in accordance with the provisions of the Public Premises Act in respect of 12 occupants before the Estate Officer in November 2003. In order to justify the rate of license fee applicable for the various years from the date of termination of leave and license agreement and the period of unauthorized occupation and to substantiate with documentary evidence to be produced before the Estate Officer, M/s. Kishore Karamsey, an approved Valuer was asked to prepare a Valuation Report having regard to the market rates in the vicinity prevalent during the relevant period for the unauthorized occupation of Air India Building. This task was accomplished during the years 2003 to 2006.

During the period April 2006 to May 2008, Estate Officer after due hearing of the cases which involved examination and cross-examination of witness of both sides, considering the documentary evidence and arguments advanced by both the parties passed the orders for recovery of damages.

Under the circumstances, damages for the period from the occupants of Air India Building have been taken at Rs.300 per sq. ft. per month. During the year the company has recognized Rs.241.48 million (Previous Year : Rs.1309.8 million) as revenue. The cumulative amount recoverable is Rs.3892.7 million. The management is of the view that since all these cases are being litigated in City Civil Court, there is a reasonable possibility of recovery. Since the matter is sub-judice, the Management has not found it necessary to make provisions towards the amount recoverable from various parties.

33. Miscellaneous Expenses include an amount of Rs.1.2 million representing the book value of the B-747-200 simulator donated to the Nehru Science Centre, Mumbai subject to Shareholders approval.

34. In absence of relevant Notification by the Government of India specifying the period and applicable rate at which cess on turnover is payable under Section 441A of the Companies Act, 1956, the same is not determinable and hence, not provided for.

35. The Company has obtained exemption from the Ministry of Corporate Affairs, vide Order No. 46/199/2009-CL-III, dated October 13, 2009, under section 211(4) of the Companies Act, 1956, in respect of the following requirements prescribed in paragraph 4D (b), (e) (i) and (e) (ii) of Part II, Schedule VI to the Companies Act, 1956 :

- a) Expenditure in foreign currency during the financial year on account of Royalty, Know-how, Professional Consultation fees, Interest and other matters.
- b) Earnings in foreign currency classified under the heads :
 - i. Export of Goods calculated on F O B basis;
 - ii. Royalty, Know-how, Professional and Consultation Fees.

36. The details of turnover of in-flight items, as required vide paragraph 3(iii) (b) of Schedule VI to the Companies Act, 1956, are not disclosed as the turnover is insignificant.

37. Consumption of stores and spare parts :

(Rupees in Million)

Particulars	2008-09		2007-08	
	Amount	%	Amount	%
Imported	5995.2	96.5	9345.5	97.5
Indigenous	216.7	3.5	237.8	2.5
Total	6211.9	100	9583.3	100

38. Value of Imports (excluding Insurance and Freight) :

(Rupees in Million)

Particulars	2008-09		2007-08	
	Amount	%	Amount	%
Stores & Spares	8949.3	19.8	9903.3	12.9
Capital Goods	36146.3	80.2	66894.8	87.1
Total	45095.6	100	76798.1	100

39. Earnings in Foreign Exchange :

(Rupees in Million)

Particulars	2008-09		2007-08	
	Amount	%	Amount	%
Interest Received	154.0	70.6	154.0	86.6
Dividend	64.2	29.4	23.9	13.4
Total	218.2	100	177.9	100

40. Previous Year figures have been re-grouped / re-arranged wherever considered necessary.

The information at S.No. 37, 38 & 39 is as certified by the management and relied upon by the Auditors.

Signatures to the Schedules forming part of the Balance Sheet and Profit and Loss Account and to the above notes.

For and on behalf of
P.K. Chopra & Co.
Chartered Accountants

For and on behalf of
Thakur, Vaidyanath Aiyar & Co.
Chartered Accountants

For and on behalf of
Chhajed & Doshi
Chartered Accountants

For and on behalf of Board
Sd/-
Arvind Jadhav
Chairman &
Managing Director

Sd/-
Subhash Kapoor
Partner
M.No. 12781

Sd/-
Anil K. Thakur
Partner
M.No. 88722

Sd/-
Kiran K. Daftary
Partner
M.No. 10279

Sd/-
S. Chandrasekhar
Director - Finance

Sd/-
S. Venkat
Executive Director -
Finance & Company
Secretary

Place : Chennai
Date : 11 November 2009