SCHEDULES ATTACHED TO AND FORMING PART OF THE BALANCE SHEET

SCHEDULE : "A" : CAPITAL

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
AUTHORISED		
5,000,050,000 Equity Shares of Rs. 10 each (Previous Year 4,875,645,020 Equity Shares)	**50,000.5**	48,756.5
'Nil' Redeemable Preference Shares of Rs.100 each. (Previous Year 12,440,498 Redeemable Preference Shares)	**-**	1,244.0
TOTAL	**50,000.5**	50,000.5
ISSUED, SUBSCRIBED AND PAID UP		
2,145,000,000 Equity shares of Rs.10 each fully paid up (Previous Year 945,000,000 Equity Shares) (Refer Note No. 3)	**21,450.0**	9,450.0
(Of the above 144,950,000 Equity Shares were issued pursuant to Amalgamation)		
TOTAL	**21,450.0**	9,450.0

SCHEDULE : "B" : RESERVES AND SURPLUS

(Rupees in Million)

Particulars	As at March 31, 2011		As at March 31, 2010	
1. Capital Reserve				
Balance as per last Balance Sheet	**624.8**		-	
Add : Additions during the year [Refer Note 19 & 37C(b)]	**211.9**		644.3	
	836.7		644.3	
Less : Transfer to Depreciation (P&L A/c.)	**32.0**		19.5	
		804.7		624.8
2. General Reserve				
Balance as per last Balance Sheet	**-**		633.5	
Less : Transfer to Profit & Loss Account (Schedule N)	**-**	**-**	633.5	
-				
TOTAL		**804.7**		624.8

SCHEDULE : "C" : SECURED LOANS

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
A. Foreign Currency Loans from Banks*	**16,851.1**	1,347.0
Secured by hypothecation of : Three B777-300 Aircraft (VT-ALS, ALT & ALU) & One GE Spare Engine		
B. Other Loans from Banks*	**89,388.3**	64,560.1
Secured by		
I. Hypothecation of inventories other than those in 'A' above, Book Debts, Other Current Assets.		
II. Hypothecation of 11 Aircrafts (2 A-310 Freighter & 9 A-320 Aircrafts)		
III. Hypothecation of 21 Aircrafts (8 A-321, 4 A-320 & 9 A-319 Aircrafts)		
Guaranteed by the Government of India to the extent of Rs. 55,226.4 million (Previous Year Rs. 49,168.6 Million)		
C. Others*	**841.0**	-
Secured by		
I. Hypothecation of SAP related Hardware & Software.		
TOTAL	**107,080.4**	65,907.1

* Includes Rs. 49,828.7 million due for repayment within one year. (Previous Year Rs. 19,811.5 million)
Other Loan from Banks : Over Due Rs.1,108.9 million.

SCHEDULE : "D" : UNSECURED LOANS

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
A. Short Term Loans From Banks**	**184,412.2**	168,638.1
B. Other Loans From Banks**	**7,289.5**	8,914.9
Guaranteed by the Government of India to the exent of Rs. 199.7 million (Previous Year Rs. 208.2 million)		
C. Debentures	**7,000.0**	7,000.0
7,000 @9.13% Unsecured, Redeemable, Non-convertible Debentures of face value of Rs. 10 lakhs each (Redeemable on 26th March 2020) (Guaranteed by the Government of India)		
D. Others**	**199.7**	208.1
TOTAL	**198,901.4**	184,761.1

** Includes Rs.186,599.6 million due for repayment within one year. (Previous Year Rs.173,714.8 million)
Short Term Loans from Banks : Over Due Rs.13,115.6 million.

SCHEDULE : "E" : FUTURE LEASE OBLIGATIONS

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Future Lease Obligations***	**120,308.2**	133,373.8
Guaranteed by the Government of India to the exent of Rs. 91,933.7 million (Previous Year Rs. 100,137.2 million)		
TOTAL	**120,308.2**	133,373.8

*** Includes Rs. 12,454.5 million due for repayment within one year. (Previous Year Rs. 12,212.5 million)

SCHEDULE : "F" : FIXED ASSETS

(Rupees in Millions)

PARTICULARS	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As at April 1, 2010	Additions	Deductions /Adjust-ments	**As at March 31, 2011**	Up to March 31, 2010	For the year	Deductions /Adjust-ments	**Total Upto March 31, 2011**	**As at March 31, 2011**	As at March 31, 2010
A. AIRCRAFT FLEET & ROTABLES										
1. Airframes										
a) Owned & Self Operated	167570.6	17688.8	1578.2	**183681.2**	16931.0	10569.5	1107.3	**26393.2**	**157288.0**	150639.6
b) Leased to AASL	412.9	-	412.9	**-**	83.9	39.2	123.1	**-**	**-**	329.0
c) Leased to Aryan Cargo Express	533.1	-	533.1	**-**	210.0	-	210.0	**-**	**-**	323.1
2. Aero Engines & Power Plants										
a) Owned & Self Operated	56069.5	8374.7	196.4	**64247.8**	6756.3	3412.8	132.4	**10036.7**	**54211.1**	49313.2
b) Leased to AASL	2.7	-	2.7	**-**	-	-	-	**-**	**-**	2.7
c) Leased to Aryan Cargo Express	49.6	-	49.6	**-**	47.1	-	47.1	**-**	**-**	2.5
3. Simulators & Link Trainers	956.0	57.1	20.9	**992.2**	274.2	46.1	-	**320.3**	**671.9**	681.8
4. Airframe Rotables	3627.9	1140.7	48.8	**4719.8**	861.2	432.9	17.5	**1276.6**	**3443.2**	2766.7
5. Aero-Engine Rotables	864.9	160.4	4.9	**1020.4**	183.6	201.6	1.7	**383.5**	**636.9**	681.3
6. Simulator Rotables	0.2	-	0.1	**0.1**	0.2	-	0.1	**0.1**	**-**	-
SUB TOTAL "A"	230087.4	27421.7	2847.6	**254661.5**	25347.5	14702.1	1639.2	**38410.4**	**216251.1**	240739.9
B. LAND, BUILDING & VEHICLES										
1. Land - Freehold	7057.8	-	-	**7057.8**	-	-	-	**-**	**7057.8**	7057.8
2. Land - Leasehold	63860.1	199.7	-	**64059.8**	422.9	117.2	-	**540.1**	**63519.7**	63437.2
3. Buildings	17849.1	29.8	102.8	**17776.1**	3714.2	1203.5	26.5	**4891.2**	**12884.9**	14134.9
4. Vehicles	237.5	2.3	2.2	**237.6**	150.4	19.3	1.0	**168.7**	**68.9**	87.1
SUB TOTAL "B"	89004.5	231.8	105.0	**89131.3**	4287.5	1340.0	27.5	**5600.0**	**83531.3**	84717.0
C. OTHER FIXED ASSETS										
1. Workshop Equipment, Instruments, Machinery & Plants	2856.4	122.9	1.7	**2977.6**	646.5	234.3	0.5	**880.3**	**2097.3**	2209.9
2. Ground Support and Ramp Equipment	4472.7	19.0	13.4	**4478.3**	956.0	329.0	5.4	**1279.6**	**3198.7**	3516.7
3. Furniture & Fixtures	150.4	32.4	0.7	**182.1**	47.8	15.8	0.2	**63.4**	**118.7**	102.6
4. Electrical Fittings and Installations	179.9	7.4	0.3	**187.0**	37.6	18.0	-	**55.6**	**131.4**	142.3
5. Computer System	852.2	41.0	0.3	**892.9**	384.3	134.4	0.2	**518.5**	**374.4**	467.9
6. Office Appliances & Equipment	675.8	71.3	4.1	**743.0**	191.7	63.4	1.3	**253.8**	**489.2**	484.1
SUB TOTAL "C"	9187.4	294.0	20.5	**9460.9**	2263.9	794.9	7.6	**3051.2**	**6409.7**	6923.5
D. INTANGIBLE ASSETS										
1. Computer Software	131.2	1024.0	-	**1155.2**	91.7	129.2	-	**220.9**	**934.3**	39.5
TOTAL	328410.5	28971.5	2973.1	**354408.9**	31990.6	16966.2	1674.3	**47282.5**	**307126.4**	-
Previous Year	243294.0	85967.1	850.6	**328410.5**	18380.5	13917.4	307.3	**31990.6**	**-**	296419.9
Capital Work in Progress									**18964.2**	24656.2
GRAND TOTAL									**326090.6**	321076.1

Note :

1. Additions to and deductions from "Aircraft Fleet and Rotables" includes Exchange Rate Fluctuations on underlying Loans in foreign currency : Rs.12.6 Million (Previous Year : Nil) and Rs.903.0 Million (Previous Year : Rs.12,009.2 Million) respectively.
2. Aircraft Fleet and Rotables includes 39 Aircraft (ten A-319, twelve A-321, eight B777-200LR, nine B777-300 ER) (Previous Year : 39 Aircraft - {ten A319, twelve A321, eight B777-200LR, nine B777-300ER}) & 4 Spare GE Engines (Previous Year 4 Spare GE Engines) and Registration of these 39 Aircraft & 4 Spare Engines continues to be in the name of SPV Company for which beneficial ownership is with Air India Ltd. Gross Block Rs.161,236.6 Million (Previous Year : Rs.161,446.4 Million), Depreciation Rs.20,839.2 Million (Previous Year : Rs.13,394.5 Million), Net Block Rs.140,397.4 Million (Previous Year : Rs.148,051.9 Million). Future Lease rental obligations aggregate to Rs.120,308.2 Million (Previous year Rs.133,373.8 Million) for which liability of an equal amount is included in the year-end balance of "Future Lease Obligations".
3. Deductions under the block of Aircraft Fleet & Rotables includes Ten Aircraft (six B-737, two A-320, two A-310-300), Twenty Nine Engines (twenty B-737, seven A-310-300, one B-747-400 & one A-300), Thirteen APU B-737 & one Simulator (Previous Year three Aircraft A-320 & Three Engines - A310, B747-300 Combi & B747-400) held for disposal, transfered to Surplus Assets during the year, Gross Block : Rs.1,826.9 Million (Previous Year : Rs.311.3 Million), Provision for Depreciation Rs.674.5 Million (Previous Year : Rs.199.6 Million) & loss on this account amounts to Rs.555.5 Million.
4. Deductions under the block of Aircraft Fleet & Rotables includes improvement cost to leased Freighter Aircraft, Engine & Simulator (Previous Year one improvement to lease hold Aircraft on account of refuribshment of B747 Aircraft VT-ESM & one A300 Aircraft Engine) sold/scrapped during the year, Gross block Rs.966.9 Million (Previous Year : Rs.422.3 Million), Provision for depreciation Rs.945.3 Million (Previous Year : Rs.59.0 Million).
5. Capital Work in Progress includes advances against Capital Expenditure and Exchange Gain of Rs.5.1 Million (Previous Year : Exchange loss of Rs.1,319.7 Million) on account of Exchange Rate fluctuation on underlying monetary items in foreign currency. Capital Work in Progress is accounted to the extent of bills received.
6. Depreciation includes Debit of Rs.33.2 Million for Prior Period. (Previous Year : Rs.10.3 Million).
7. Aircraft Fleet Rotables includes cost of refurbishment/conversion of Leased Aircraft, Gross Block Rs.485.0 Million (Previous Year : Rs.1,430.4 Million), Accumlated Depreciation Rs.129.9 Million (Previous Year : Rs.437.1 Million).
8. Intangible Assets includes : 1) Software for Passenger Service System depreciated over 10 years. 2) Others over 5 years.
9. Reclassification amongst Assets is adjusted under 'Additions' and 'Deductions' of respective assets.

SCHEDULE : "G" : INVESTMENTS

(Rupees in Million)

Particulars	As at March 31, 2011		As at March 31, 2010	
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 fullly 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 fullly paid up in Air India Charters Limited		**300.0**		300.0
3. 50,000 (Previous Year 50,000) Equity Shares of Rs.10/- each fullly 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 fullly paid up in Air-India Engineering Services Limited		**0.5**		0.5
5. 364,200 (Previous Year 364,200) Equity Shares of Rs.1,000/- each fullly paid up in Vayudoot Limited	**182.1**		182.1	
Less : Provision for diminution	**182.1**	**-**	182.1	-
6. 225,000 (Previous Year 225,000) Equity Shares of Rs.100/- each fullly paid up in Airlines Allied Services Limited	**22.5**		22.5	
Less : Provision for diminution	**22.5**	**-**	22.5	-
7. NIL (Previous Year 50,000) Equity Shares of Rs.10/- each fullly paid up in IAL Airport Services Limited		**-**		0.5
TRADE INVESTMENTS				
1. 271,798 (Previous Year 271,807) Equity Shares of EUR 5.00 each fully paid up in SITA (Societe Internationale de Telecommunications Aeronautiques) (9 Shares (Previous Year 42 Shares alloted) redeemed in redistribution during the year)		**13.9**		13.8
2. 2,880 (Previous Year 7,637) Class B Shares of BHT 100 each fully paid up in Aeronautical Radio of Thailand Limited (4,757 (Previous Year 2,734) Shares redeemed during the year)		**0.4**		1.1
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.3,057.69)		***0.0**		*0.0
6. 10,000,000 (Previous Year 10,000,000) Equity Shares of Rs.10/- each fullly 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. 40,424,975 Equity Shares of Rs.10/- each fully paid up (5000 Shares alloted & 40,419,975 Shares pending allottment) in Air India SATS Airport Services Private Ltd. [Refer Note 37C(b)]		**436.2**		333.9
TOTAL OF UNQUOTED INVESTMENTS		**1,312.9**		1,211.7
B. QUOTED (TRADE)				
375,407 (Previous Year 375,407) Shares of EUR 0.48 each fully paid up in France Telecom (Market Value Rs. 376.2 Million, Equivalent to EUR 5.9 Million) (Previous Year Market Value Rs. 402.0 Million, Equivalent to EUR 6.6 Million)		**7.6**		7.6
TOTAL		**1,320.5**		1,219.3

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

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
1. i) Stores and Spare Parts	**10,727.4**	10,911.9
ii) Loose Tools	**200.9**	237.4
	10,928.3	11,149.3
Less : Provision for Obsolescence	**4,696.4**	3,132.6
	6,231.9	8,016.7
2. Goods-in-Transit (at Cost)	**527.7**	661.1
TOTAL	**6,759.6**	8,677.8

SCHEDULE : "I" : SUNDRY DEBTORS

(Rupees in Million)

Particulars		As at March 31, 2011	As at March 31, 2010
UNSECURED			
Debts Outstanding for a period exceeding Six Months			
Considered Good		**10,050.5**	12,761.6
Considered Doubtful		**5,579.4**	2,742.2
	A	**15,629.9**	15,503.8
Other Debts			
Considered Good		**18,325.7**	13,029.5
Considered Doubtful		**145.8**	85.2
	B	**18,471.5**	13,114.7
	A + B	**34,101.4**	28,618.5
Less : Provision for Doubtful Debts		**5,725.2**	2,827.4
	TOTAL	**28,376.2**	25,791.1

Debts amounting to Rs. 880.2 Million included under Considered Good (Previous Year : Rs. 1,106.1 Million) are backed by Bank Guarantees.

SCHEDULE : "J" : CASH AND BANK BALANCES

(Rupees in Million)

Particulars		As at March 31, 2011		As at March 31, 2010	
1. Cash and Cheques on Hand (includes Cheques in Hand of Rs.102.7 Million)			**143.1**		65.4
2. Remittances in Transit			**26.7**		0.8
3. Balances with Banks :					
a) In Current Accounts with :					
i) Scheduled Banks		**525.5**		925.0	
ii) Other than Scheduled Banks		**868.3**		908.2	
(Refer Schedule J-A)	I	**1,393.8**		1,833.2	
b) In Deposit Accounts with :					
i) Scheduled Banks		**2,553.9**		3,267.9	
ii) Other than Scheduled Banks		**46.9**		117.4	
(Refer Schedule J-B)	II	**2,600.8**		3,385.3	
	I + II		**3,994.6**		5,218.5
	TOTAL		**4,164.4**		5,284.7

Note :

Balances with Banks include :

1. Deposits/Current Accounts under lien against Bank Guarantees / Letter of Credits issued by Banks - Rs. 1,775.6 Million (Previous Year Rs. 1,654.8 Million)
2. Security Deposits from staff - Rs. 6.2 Million (Previous Year Rs. 8.1 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, 2011	Maximum Balance during Current year	Balance as at March 31, 2010	Maximum Balance during previous year
1	ABN BANK	AMSTERDAM	**5.7**	**19.5**	3.2	6.4
2	ABN BANK	AMSTERDAM	**0.3**	**0.3**	0.2	0.3
3	ABN BANK	AMSTERDAM	**0.3**	**13.9**	0.6	2.5
4	AUSTRALIAN & NEWZEALAND BANK (*Rs.14,234.78, **Rs.15,368.83, ***Rs.15,368.83)	AKL	***0.0**	****0.0**	***0.0	0.3
5	BANCO CENTRAL HISPANO	MADRID	**0.4**	**3.1**	2.7	4.7
6	BANCO DI ROMA	ROME	**2.8**	**19.6**	16.2	23.9
7	BANCO NAZIONALE DAL LAVORD	ROME	**2.4**	**26.4**	1.1	25.7
8	BANCO NAZIONALE DAL LAVORD	ROME	**1.1**	**33.8**	1.6	25.9
9	BANK FOR FOREIGN & ECONOMIC AFFAIRS.	MOSCOW	**0.7**	**32.0**	8.7	10.5
10	BANK FOR FOREIGN TRADE	MOSCOW	**8.1**	**34.5**	20.6	25.4
11	BANK OF ALEXANDRIA	CAIRO	**1.0**	**2.8**	2.1	3.0
12	BANK OF ALEXANDRIA (*Rs. 3,385.47, ***Rs. 4,543.88)	CAIRO	***0.0**	**0.1**	***0.0	0.1
13	BANK OF ALEXANDRIA	CAIRO	**0.2**	**0.4**	0.2	21.2
14	BANK OF AMERICA	NEWARK	**0.3**	**12.8**	0.5	12.8
15	BANK OF AMERICA	WASHINGTON	**0.6**	**9.5**	9.3	9.6
16	BANK OF AMERICA	NEW YORK	**0.8**	**132.7**	23.8	117.5
17	BANK OF AMERICA	NEW YORK	**1.1**	**3.5**	3.5	19.8
18	BANK OF AMERICA STORES	NEWYORK	**0.3**	**1.5**	1.5	1.9
19	BANK OF CHINA	SHANGHAI	**0.2**	**57.7**	1.0	4.8
20	BANK OF SHANGHAI	SHANGHAI	**41.7**	**83.4**	15.8	83.4
21	BANK OF TOKYO MITSUBISHI	TOKYO	**8.1**	**7.2**	3.5	7.2
22	BANK TEJARAT	TEHRAN	**0.1**	**0.1**	0.1	0.1
23	BANK TEJARAT	TEHRAN	**13.9**	**34.7**	33.7	37.0
24	BANK TEJARAT	TEHRAN	**0.1**	**1.1**	0.1	0.1
25	BNP PARIBAS CC COLLECTION A/C	PARIS	**3.4**	**21.5**	3.0	21.5
26	BANQUE NATIONALE DE PARIS	PARIS	**5.3**	**44.9**	19.0	53.8
27	BANQUE NATIONALE DE PARIS. CUSTODIAN A/C	PARIS	**4.7**	**11.5**	0.3	0.4
28	BARCLAYS BANK (**Rs. 8,606.04, ***Rs.644.91)	NAIROBI (APT)	**-**	****0.0**	***0.0	0.1
29	CITI BANK USD	NEWYORK	**0.1**	**501.3**	30.6	501.3
30	CITI BANK	FRANKFURT	**9.4**	**5.9**	5.9	7.3
31	CITI BANK	LONDON	**0.4**	**74.1**	74.1	76.5
32	CITI BANK	LOS ANGELES	**-**	**0.6**	0.6	3.6
33	CITI BANK	LOS ANGELES	**1.0**	**2.7**	0.6	2.7
34	CITI BANK	FRANKFURT	**-**	**0.4**	0.4	0.5
35	CITI BANK IDR EXP A/C	JAKARTA	**-**	**0.7**	0.6	0.7
36	CITIBANK	DAR-ES-SALAM	**-**	**4.3**	-	4.3
37	CITIBANK	NEWYORK	**1.9**	**0.6**	0.6	43.3
38	CITIBANK	JAKARTA	**-**	**5.7**	1.0	15.8
39	CITIBANK	DAR-ES-SALAAM	**-**	**-**	-	1.8
40	CITIBANK	DAR-ES-SALAAM	**-**	**-**	-	0.5
41	CITIBANK (USD A/C)	JAKARTA	**-**	**5.8**	4.5	5.8
42	CITIBANK (***Rs. 38,739.27)	SANFRANCISCO	**-**	**2.2**	***0.0	2.2
43	COMMERZ BANK	FRANKFURT	**4.4**	**48.0**	1.0	48.0
44	COMMERZ BANK	FRANKFURT	**13.9**	**46.5**	3.7	68.7
45	CREDITANSTALT BANKVEREIN	VIENNA	**3.6**	**3.4**	1.0	3.4
46	DEN DANSKE BANK	COPENHAGEN	**25.8**	**25.3**	3.7	12.6
47	HSBC BANK BEIRUT	BEIRUT	**1.7**	**4.3**	3.9	5.9
48	INDO NIGERIAN MERCHANT BANK (**Rs. 2,975.97, ***Rs. 2,975.97, ****Rs. 3,361.72)	LAGOS	**-**	****0.0**	***0.0	****0.0
49	INDO ZAMBIA BANK	LUSAKA	**-**	**0.3**	-	0.3
50	INDO ZAMBIA BANK LTD EXP. ACCT LUSAKA	LUSAKA	**-**	**0.3**	-	0.3
51	INDO ZAMBIA BANK. (USD COLL ACCT)	LUSAKA	**-**	**0.8**	-	0.8
52	KOREAN EXCHANGE BANK	SEOUL	**0.7**	**99.7**	1.2	99.7

(Rupees in Million)

Sr. No.	Name of Bank	Station	Balance as at March 31, 2011	Maximum Balance during Current year	Balance as at March 31, 2010	Maximum Balance during previous year
53	NATIONAL BANK OF KUWAIT COLL A/C	KUWAIT	**90.0**	**4.4**	4.4	40.2
54	NATWEST BANK	LONDON	**0.7**	**0.9**	0.6	1.4
55	NEPALI SBI BANK	KATHMANDU	**-**	**0.2**	0.2	0.2
56	NEPALI SBI BANK LTD. (NPR COLL.A/C)	KATHMANDU	**0.4**	**0.4**	1.6	11.3
57	NEPALI SBI BANK LTD. (USD COLL-CUM-REF A/C) (*Rs.16,991.15)	KATHMANDU	**-**	**1.4**	0.1	1.3
58	NEPAL SBI BANK NER EXP. A/C	KATHMANDU	**0.6**	**0.8**	0.6	0.6
59	ROYAL BANK OF CANADA	MONTREAL	**4.8**	**105.8**	55.2	105.8
60	ROYAL BANK OF CANADA	TORONTO	**14.2**	**50.2**	0.7	40.1
61	SOCIETE GENERALE BANK	BRUSSELS	**23.3**	**23.3**	7.8	18.0
62	STANDARD CHARTERED BANK	KUALALUMPUR	**13.5**	**63.1**	12.0	63.1
63	STANDARD CHARTERED BANK (*Rs.1,908.62, **Rs.4,161.62, ***Rs.2,058.28, ****Rs.4,167.21)	KUALALUMPUR	***0.0**	****0.0**	***0.0	****0.0
64	STANDARD CHARTERED BANK	KUALALUMPUR	**1.6**	**9.9**	0.7	10.7
65	STERLING BANK (*Rs. 1,130.79)	LAGOS	***0.0**	**1.7**	1.7	1.7
66	STERLING BANK (**Rs. 1,007.56, ***Rs. 1,007.56)	LAGOS	**-**	****0.0**	***0.0	0.4
67	STERLING BANK (**Rs. 11,026.91, ***Rs. 10,873.42, ****Rs. 46,704.79)	LAGOS	**-**	****0.0**	***0.0	****0.0
68	U B S (SFR COLL/DISB ACCOUNT)	GENEVA	**90.7**	**47.4**	7.9	47.4
69	UTTARA BANK LTD.	DACCA	**-**	**12.8**	-	61.1
70	WAHDA BANK	TRIPOLI	**0.1**	**0.1**	0.1	0.1
71	CITI BANK EUR CMS A/C-PARIS (*Rs. 828.20, **Rs. 828.20, ***Rs. 828.20, ****Rs. 923.93)	PARIS	***0.0**	****0.0**	***0.0	****0.0
72	ANZ SYDNEY COLLECTION A/C	SYDNEY	**0.1**	**2.7**	0.3	7.7
73	ANZ SYDNEY EXPENDITURE A/C	SYDNEY	**2.5**	**71.1**	5.1	5.9
74	ANZ SYDNEY REFUND A/C	SYDNEY	**0.2**	**0.3**	0.3	0.7
75	BANK OF TEJARAT THR REF A/C (*Rs. 8,136.41, **Rs. 21,640.71, ***Rs. 289.67, ****Rs. 21,640.71)	TEHRAN	***0.0**	****0.0**	***0.0	****0.0
76	BOT MITSUBHISHI TOKYO NACIL COLL A/C	TOKYO	**1.5**	**0.4**	0.4	0.5
77	CHEVY CHASE BANK	WASHINGTON	**-**	**0.2**	0.2	0.2
78	ABN AMRO BANK - ACCOUNT CHARGES - PROJECT	LONDON	**300.0**	**302.1**	302.0	341.2
79	BANK MILLIE, AFGHAN, KABUL	KABUL	**0.1**	**0.1**	0.1	0.1
80	MYANMAR ECONOMIC BANK (*Rs. 20,533.06, **Rs. 20,680.97, ***Rs. 20,687.97, ****Rs. 23,347.57)	YANGON	***0.0**	****0.0**	***0.0	****0.0
81	MYANMAR ECONOMIC BANK	YANGON	**1.3**	**1.3**	1.3	1.5
82	MYANMAR FOREIGN TRADE BANK, YANGON	YANGON	**145.4**	**186.3**	185.8	189.9
83	NATIONAL BANK OF UZBEKISTAN,TASHKENT	TASHKENT	**0.2**	**0.2**	0.2	0.2
84	NATIONAL BANK OF OMAN (*Rs. 23,166.06, **Rs. 23,324.00, ***Rs. 23,324.00, ****Rs. 26,348.00)	MUSCAT	***0.0**	****0.0**	***0.0	****0.0
85	SIAM COMMERCIAL BANK, BANGKOK	BANGKOK	**6.4**	**13.8**	12.6	12.6
86	J S BANK LIMITED, KARACHI	KARACHI	**0.2**	**0.2**	0.2	0.3
87	J S BANK LIMITED, KARACHI (*Rs. 5,739.30, **Rs. 5,837.95, ***Rs. 5,837.95, ****Rs. 6,939.45)	KARACHI	***0.0**	****0.0**	***0.0	****0.0
88	J S BANK LIMITED, LAHORE	LAHORE	**0.2**	**0.2**	0.2	0.2
89	CAYLON BANK (*Rs. 4,945.00, **Rs. 4,945.00, ***Rs. 4,945.00)	NEW DELHI	***0.0**	****0.0**	***0.0	1.0
90	CAYLON BANK, PARIS	PARIS	**3.7**	**3.7**	0.1	13.2
91	AMERICAN EXPRESS BANK	KARACHI	**0.1**	**0.1**	0.1	0.1
	TOTAL		**868.3**		908.2	

1. *Balance as on 31.03.2011, **Maximum balance during the year, ***Balance as on 31.03.2010, ****Maximum balance during previous period.
2. As per Data Complied by the Management.

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, 2011	Maximum Balance during Current year	Balance as at March 31, 2010	Maximum Balance during previous year
1	ANZ BANK	SYDNEY	**1.0**	**1.0**	0.9	0.9
2	BNL	ROME	**2.7**	**2.7**	2.6	2.9
3	CITI BANK NEWYORK, S.T.D.	NEWYORK	**-**	**-**	-	30.5
4	CITI BANK NEWYORK, NASSAU SWEEPT A/C	NEWYORK	**30.1**	**101.0**	101.0	101.0
5	NATIONAL BANK OF KUWAIT	KUWAIT	**0.3**	**0.3**	0.3	0.7
6	ROYAL BANK OF CANADA	MONTREAL	**2.8**	**2.8**	2.6	2.6
7	ACE COOPERATIVE BANK	MUMBAI	**10.0**	**10.0**	10.0	10.0
	TOTAL		**46.9**		117.4	

1. As per Data Compiled by the Management.

SCHEDULE : "K" : OTHER CURRENT ASSETS

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
1. Interest Accrued On		
i) Bank Deposits	**13.4**	6.5
ii) Loans (Staff)	**116.1**	163.8
iii) Others	**-**	244.4
	129.5	414.7
2. Surplus Assets*	**695.7**	353.4
TOTAL	**825.2**	768.1

* 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, 2011		As at March 31, 2010	
Unsecured and Considered Good, unless otherwise stated				
i. Subsidiary Companies				
a) Considered Good	**4,679.3**		2,915.1	
b) Considered Doubtful	**768.5**		775.1	
	5,447.8		3,690.2	
Less : Provision for doubtful advances	**768.5**	**4,679.3**	775.1	2,915.1
ii) Advances Recoverable in Cash or in Kind or for Value to be received (Net)				
a) Considered Good	**6,126.1**		8,754.1	
b) Considered Doubtful	**118.5**		121.7	
	6,244.6		8,875.8	
Less : Provision for doubtful advances	**118.5**	**6,126.1**	121.7	8,754.1
iii) Deposit with Customs, DGCA, Controller of Airports and Others				
a) Considered Good	**134.5**		122.1	
b) Considered Doubtful	**539.9**		539.9	
	674.4		662.0	
Less : Provision for doubtful advances	**539.9**	**134.5**	539.9	122.1
iv) Advance Payment of Taxes and Tax Deducted at Source		**2,683.6**		2,491.9
v) Staff Advances :				
a) Secured A (Secured against mortgage of house property)	**19.6**		32.7	
b) Unsecured				
i) Considered Good	**163.0**		150.6	
ii) Considered Doubtful	**5.2**		5.5	
	168.2		156.1	
Less : Provision for doubtful advances	**5.2**		5.5	
B	**163.0**		150.6	
A + B		**182.6**		183.3
TOTAL		**13,806.1**		14,466.5

SCHEDULE : "M" : CURRENT LIABILITIES AND PROVISIONS

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
A. CURRENT LIABILITIES :		
i) Sundry Creditors	**45,944.3**	38,189.4
ii) Amount due to Wholly Owned Subsidiary Companies	**1,175.9**	27.2
iii) Interest accrued but not due	**206.4**	403.8
iv) Advances from Customers (Net)	**9,519.0**	8,652.6
v) Other Liabilities (Net)*	**12,395.5**	8,379.5
	69,241.1	55,652.5
B. PROVISIONS FOR :		
1) Wealth Tax	**15.7**	15.2
2) Gratuity	**8,154.9**	5,250.6
3) Leave Encashment	**4,546.4**	4,144.8
4) Post Retirement Medical & Other Benefits	**1,644.9**	1,407.0
5) Frequent Flyer Programme	**106.3**	112.3
6) Provision Others Net	**1,169.7**	-
	15,637.9	10,929.9
TOTAL	**84,879.0**	66,582.4

* Include Book Overdraft of Rs. 1,345.1 Million (Previous Year Rs. 970.4 Million)

SCHEDULE : "N" : PROFIT AND LOSS ACCOUNT

(Rupees in Million)

Particulars	As at March 31, 2011	As at March 31, 2010
Balance Brought Forward	**54,890.9**	-
Add : Loss for the Year	**68,651.7**	55,524.4
Less : Transfer from General Reserve (Schedule B)	**-**	633.5
TOTAL	**123,542.6**	54,890.9

SCHEDULES ATTACHED TO AND FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE : "O" : TRAFFIC REVENUE

(Rupees in Million)

Particulars	2010-11	2009-10
SCHEDULED SERVICES		
1) Passenger	**104,438.2**	91,502.2
2) Excess Baggage	**766.2**	806.6
3) Mail	**607.7**	925.7
4) Cargo	**8,757.9**	6,911.9
	114,570.0	100,146.4
OTHERS		
1) Charter	**7,494.2**	6,184.3
2) Pool	**27.0**	1,154.2
3) Block Seat Arrangement	**603.2**	1,653.7
4) Revenue Share from Air India Charters Ltd. (Wholly Owned Subsidiary Company)	**4,270.5**	4,275.9
	12,394.9	13,268.1
TOTAL	**126,964.9**	113,414.5

SCHEDULE : "P" : HANDLING, SERVICING AND INCIDENTAL REVENUE

(Rupees in Million)

Particulars	2010-11	2009-10
1) Handling and Servicing	**6,099.5**	6,952.6
2) Manufacturers Credit	**344.8**	1,630.5
3) Incidental	**6,334.7**	5,622.7
TOTAL	**12,779.0**	14,205.8

SCHEDULE : "Q" : OTHER REVENUE

(Rupees in Million)

Particulars	2010-11	2009-10
1. Dividend from Long Term Investments (Trade)	**41.7**	44.6
2. Interest Income :		
i) On Other Investments (Non-Trade)	**-**	0.8
ii) On Deposits and Loans :		
a) From Banks (TDS Rs. 9.0 Million, Previous Year Rs. 4.4 Million)	**105.0**	60.3
b) From Others (TDS Rs. 0.2 Million, Previous Year Rs. 0.1 Million)	**5.3**	252.3
	110.3	312.6
3. Provisions No Longer Required	**1,947.4**	795.7
4. Receipts from Air-India Building (TDS Rs. 5.6 Million, Previous Year Rs. 3.2 Million)	**88.6**	149.8
5. Exchange Variation (Net)	**618.6**	1,633.0
6. Miscellaneous Revenue	**0.6**	-
TOTAL	**2,807.2**	2,936.5

SCHEDULE : "R" : PAYMENTS TO AND PROVISIONS FOR EMPLOYEES

(Rupees in Million)

Particulars	2010-11	2009-10
1. Salaries, Wages, Bonus and Gratuity	**26,190.8**	22,250.6
2. Crew Allowances	**7,928.3**	8,269.0
3. Contribution to Provident and Other Funds	**1,009.1**	949.0
4. Staff Welfare Expenses	**2,140.5**	2,098.6
TOTAL	**37,268.7**	33,567.2

SCHEDULE : "S" : OTHER EXPENSES

(Rupees in Million)

Particulars	2010-11	2009-10
1. Rent, Rates and Taxes	**943.0**	1,340.7
2. Repairs to :		
i) Buildings	**93.0**	95.6
ii) Others	**1,050.9**	981.7
3. Hire of Transport	**639.0**	593.0
4. Electricity, Heating and Water Charges	**593.1**	651.1
5. Directors' Fees (*Rs. NIL, Previous Year : Rs. 20,000)	**-**	*0.0
6. Publicity and Sales Promotion	**408.6**	291.2
7. Printing and Stationery	**127.9**	135.4
8. Legal Charges	**145.3**	102.2
9. Auditors' Remuneration and Expenses	**9.1**	8.1
10. Provision for Bad & Doubtful Debts, Advances & Others	**4,633.7**	1,688.1
11. Balance of Wholly Owned Subsidiary Company Charged Off (Refer Note 13)	**7.2**	481.4
12. Provision for Obsolescence (Net)	**1,906.0**	282.1
13. Expenses on Block Seat Arrangements	**325.2**	809.3
14. Loss on Sale / Discarded Fixed Assets (Net)	**209.3**	408.1
15. Miscellaneous Expenses	**1,872.6**	1,715.2
TOTAL	**12,963.9**	9,583.2

SCHEDULE : "T" : INTEREST AND FINANCE CHARGES

(Rupees in Million)

Particulars	2010-11	2009-10
1. **Interest on Term Loans :**		
a) Loans taken for Aircraft Acquisition	**10,950.5**	6,270.8
b) Other Loans	**19,757.3**	16,458.3
	30,707.8	22,729.1
2. Interest on Bank Borrowings	**1,700.9**	1,017.1
3. Finance Charges	**550.3**	597.3
TOTAL	**32,959.0**	24,343.5

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

(Rupees in Million)

Particulars	2010-11	2009-10
REVENUE HEADS		
1. Passenger Revenue	**68.4**	76.0
2. Cargo Revenue	**4.7**	(4.4)
3. Mail Revenue	**2.3**	17.6
4. Handling, Servicing and Incidental Revenue	**(400.8)**	48.5
5. Receipts from Air India Building	**-**	(676.7)
6. Others	**4.9**	10.5
Sub-Total (A)	**(320.5)**	(528.5)
EXPENDITURE HEADS		
1. Handling Charges	**27.1**	161.4
2. Depreciation	**33.2**	10.3
3. Stores and Equipments	**(302.4)**	(415.6)
4. Passenger Amenities	**122.2**	(22.5)
5. Publicity	**(4.0)**	8.1
6. Fuel & Oil	**-**	(32.2)
7. Insurance	**62.6**	(13.7)
8. Salaries/Staff Welfare Expenses	**1.7**	(1.5)
9. Landing, Parking and Navigation	**58.3**	1.5
10. Booking Agency Commission	**(16.7)**	63.6
11. Communication Charges - Others	**(10.7)**	(24.0)
12. Rent, Rates and Taxes	**6.1**	(75.5)
13. Exchange Variation	**(4.6)**	2.2
14. Legal Charges	**0.2**	0.2
15. Aircraft Dry Lease Charges	**19.8**	(2.6)
16. Interest	**0.4**	(5.7)
17. Others (Net)	**(35.3)**	35.9
Sub-Total (B)	**(42.1)**	(310.1)
Grand Total (B - A)	**278.4**	218.4

SCHEDULE : "V" : EXTRA ORDINARY ITEMS (NET)

(Rupees in Million)

Particulars	2010-11	2009-10
1. Compensation for Liquidated Damages from Vendors	**2,008.7**	2,248.9
2. Loss due to Accident of Aircraft VT-ESM	**-**	(1,422.3)
TOTAL	**2,008.7**	826.6

SCHEDULE - "W" : 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 year of conversion.

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 "Rotables" and "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) Leasehold Land other than perpetual lease is amortized over the period of lease.

e) Intangible assets are amortized over the estimated useful life.

f) 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, Cargo and Mail Revenue are recognized when transportation service is provided. At the end of each financial year, based on available historical statistical data, a certain estimated percentage of the value of ticket/ airway bills remaining unutilized, is recognized as Revenue.

b) Loss or gain on reissue/refund/involuntry transfer of passengers to other carriers is also included in the revenue for the period of uplift.

c) Blocked Space arrangements/Code share revenue/expenditure is recognized on an actual basis, to the extent of uplift data received from the code share partners. Wherever details from code share partners are not available, revenue/expenditure is booked to the extent of documents/information received, and adjustments required, if any, are carried out at the time of such information being received.

d) Income from Interest is recognized on a time proportion basis. Dividend is recognized as income when the right to receive is established.

e) The claims receivable from Insurance Company are accounted for on their acceptance by the Insurance Company.

f) 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 for 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 2012 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 and in case of redelivery of aircraft to the lessor, balance in maintenance reserve is charged as expense. All other contributions towards maintenance reserve are charged off to the revenue in the year of payment.

N. COMMODITY HEDGING TRANSACTIONS

Commodity hedging contracts are accounted for on the date of their settlement and realized gain / losses 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

Amount receivable from the Government of India and Central Haj Committee towards expenses incurred by the Company for carrying Haj Ballottee pilgrims is accounted for as Charter Revenue net of the amount paid to other participating airlines. The amount billed towards administrative overheads and delayed payment charges is accounted for as Incidental 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 Frequent Flyer programme that provides travel awards to its members based on accumulated mileage points. The estimated food cost, pax amenities, value of passenger revenue and legal liability, if any, for free travel under this programme are 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 - "X" : 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	2010-11	2009-10
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.	**340.3**	473.5
2.	Income Tax	Demand Notices received by the Company which are under Appeal(*)	**1,066.4**	1,243.3
3.	Customs Duty and Service Tax	Customs Duty and Service Tax demanded by the Tax Authorities	**5,174.2**	559.4
4.	Municipal Taxes/House Tax	Property Taxes/House Tax demanded by Municipal Authorities	**170.1**	140.2
5.	Airport Authority of India/ HAL, CIAL	Claims of Licence Fees, X-Ray, TNLC, Landing Charges, Parking Charges, Levies etc.	**1,146.4**	1,053.9
6.	Others	Claims on account of Staff/Civil/ Arbitration/Labour Cases/Pending Court Cases and DGP&T (Refer Note No. 35)(**)	**4,675.2**	4,071.7
		Total	**12,572.6**	7,542.0

(*) Includes Rs.834.1 million where the Department is in appeal.

(**) Against which the Company has also filed its claims for Rs. 4,111.5 million.

B. Guarantees given by the Banks and counter guaranteed by the Company outstanding Rs. 1,898.5 million (Previous Year : Rs. 408.1 million).

C. Letters of Credit issued by the Bank aggregated Rs. 5,806.6 million (Previous Year : Rs. 6,671.3 million).

D. Corporate Guarantees, Letters of Comfort given by the Company on behalf of its Wholly owned Subsidiary Companies :

(Rs. in Millions)

Particulars	2010-11	2009-10
i) Airline Allied Services Ltd.	**197.6**	176.9
ii) Air India Charters Ltd.	**3,487.2**	3,462.6

2. Capital Commitments are in respect of estimated amount of contracts remaining to be executed on Capital Account (Net of Advances) – Rs. 159,024.7 million (Previous Year : Rs. 155,404.1 million) the details of the same are as under :

(Rs in Millions)

Particulars	**2010-11**	2009-10
i) For Aircraft Project	**156,562.5**	154,643.9
ii) Others	**2,462.2**	760.2
Total	**159,024.7**	155,404.1

3. The Share Certificates for the increase of share capital, Rs 8000.0 million in the financial year 2009-10 and Rs. 12000.0 million in the financial year 2010-11 have not been issued pending disposal of the application for exemption from Stamp Duty by the Delhi State Government. The proceeds of the equity infusion received from GOI have been utilized for the purpose stated in the order of such infusion. During the year authorized share capital consisting 1,24,40,498 preference shares of Rs. 100/- each has been converted into 12,44,04,980 equity shares of Rs. 10 each ranking pari passu in all respect to the existing equity shares.

4. In the present ERP package being used in erstwhile Air India, Accounts Receivable (AR), Accounts Payable (AP), Cash Management (CM), General Ledger (GL) modules were made operative with coverage of most of the stations in India and abroad. The Payroll Accounting and Aircraft Inventory Accounting are yet to be integrated with this package. Post merger the company has decided to implement SAP–ERP, and the formal agreement/ contract has been signed in January 2011 and the project implementation has commenced from February 2011 onwards. The project is scheduled to be implemented over a period of 24 months to achieve the mission of “Business Integration and Harmonization by establishing standardized business processes across the company for achieving the goal of One Unified Organization”. The expenditure incurred in this respect during the year amounting to Rs. 832.2 million is being carried as Capital work in progress.

5. One of the immovable assets namely Housing Colony, Vasant Vihar, New Delhi was valued by the Registered Valuer as Rs.51,295.1 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 L&DO in August 2009. The Company is hopeful for regularization & re-instatement of the property rights in respect of this property in its name.

6. Leasehold/Freehold land includes land for Rs.77,427.6 million (Previous Year : Rs.77,594.7 million) for which registration formalities are yet to be completed. This also includes a plot of land admeasuring 16,188 sqmts at Baba Kharag Singh Marg, New Delhi amounting to Rs.5,390.6 million (Previous Year : Rs.5,390.6 million) as on 31st March 2011.

7. Efforts are being made to obtain duplicate copies and other relevant records of properties in cases where original title deeds are not in the possession of the company.

8. On the land at Baba Kharag Singh Marg, Delhi Metro Rail Corporation (DMRC) has constructed an underground station for its Airport Express Line for which an MOU has been signed between DMRC and the company. As per the MOU, all rights in the entire plot shall remain with AIL and it will facilitate DMRC to construct their underground station at the area specified in MOU. The cost of design and construction of the underground structure is to be borne by DMRC. DMRC shall be responsible for capability of building super structure load of the proposed building so that it is able to bear the load of proposed AIL structure (presently proposed seven storied building) at and above the ground level. The ground rent if payable on the plot shall be shared between AIL and DMRC in proportion of area occupied.

9. In terms of the Scheme of Amalgamation the immovable assets comprising land and buildings were recorded at their fair value as on 1st April 2007. In case of buildings which were fully depreciated as on 1st April 2007 and which were revalued by the valuer, the revalued amount has been amortized/depreciated over the useful life as advised by the valuer.

10. In certain cases of fixed assets, the residual life of assets has to be reworked and accordingly depreciation will be charged as per Schedule XIV of the Companies Act 1956. The effect of the same will be ascertained after due reconciliation of records which is in progress.

11. Impact of Amendment in AS-11

In accordance with the accounting policy followed, pursuant to the notification issued by the Ministry of Company Affairs, the exchange difference on the foreign currency loans taken for working capital has been kept in the “Foreign Currency Monetary

Items Translation Difference Account" (FCMI Account). As per the revised notification this amount is amortized over the period upto 31st March 2012. Accordingly, the excess amount of Rs.157.4 million charged in the earlier years has been reversed and booked in the Profit & Loss Account, an amount of Rs. 113.3 million has been charged in the Profit & Loss Account on account of Foreign Exchange Loss and remaining amount of Rs. 113.3 million (Previous Year: Rs 99.5 million) is carried over in FCMI Account to be amortized in 2011-12.

12. The company follows a consistent practice of capitalizing fees associated towards bridge/long term delivery financing even after the date of commercial operations and accordingly an amount of Rs 92.02 million has been included in the cost of respective aircrafts.

13. IAL Airport Services Ltd. was incorporated on 27th August 2003 as the company's fully owned subsidiary with the objective of providing aircraft handling services at various airports but the same could not be operationalized. During the year IAL Airport Services Ltd. has been dissolved vide Ministry of Corporate Affairs Order dated 25.03.11. Accordingly, the amount of Rs. 0.5 million invested in IAL Airport Services Ltd. by the company as its share capital has been written off. Similarly, the amount of Rs. 6.7 million receivable from IAL Airport Services Ltd. has also been written off from the books during the year.

14. The Company had made an application to the Ministry of Corporate Affairs for charging a lower rate of depreciation on the new fleet of Airbus 319, 320, 321 and B-777 aircraft considering the economic life of these aircraft as 20 years as these aircrafts were new generation/state of art new technology aircrafts. This rate is lower than the rate prescribed in Schedule XIV of the Companies Act 1956. The approval for the same has been received from the Ministry of Corporate Affairs vide Letter No.45/4/2008-CL-111 dated 25.05.11 effective from 1st April 2007. Accordingly, the depreciation on these aircraft has been provided taking their useful life to be 20 years.

15. As per Ministry of Civil Aviation Order No.AV.18013/44/92-ACVL dated 25th May 1993 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 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 Vayudoot and no financial entries to this effect have been done in the books of accounts of Air India.

16. The Company has carried out the assessment of Impairment of Aircrafts in compliance of Accounting Standards (AS-28) 'Impairment of Assets' and in the opinion of the management there is no impairment which requires adjustments to the book values of these aircrafts. In respect of other assets the impairment assessment is in progress and necessary adjustments if any shall be carried out in due course.

17. Borrowing costs capitalized during the year Rs. 2,239.0 million (Previous Year : Rs. 1,0621.7 million) includes an amount of Rs. 1,074.04 million towards interest on working capital related loans.

18. As per the laid down policy on physical verification of fixed assets, the company is in the process of completing the verification of each asset once in two years and reconciling the differences noticed. In the opinion of the management overall impact is not considered to be material.

19. During the current year, an amount of Rs.180.0 million being the value of land allotted at MIHAN for Boeing MRO Project paid by Boeing pursuant to the commitment under the Purchase Agreement No. 6-1166-DJG-814 dated 25th August 2006 in continuation of the Purchase Agreement Nos. 2996, 2997 & 2998 dated 30th December 2005 has been credited to Capital Reserve by recognizing the asset. The depreciation provided of Rs.1.4 Million on this leasehold land has been adjusted from the Capital Reserve.

20. The company had been allotted land at Nerul, Navi Mumbai admeasuring 100,021.60 sq.mtrs for development of staff housing complex. 508 flats have been constructed on a portion admeasuring 28,626 sq mtrs and it has been decided to sell these flats to the employees of the company. In terms of the orders of Hon'ble High Court at Bombay (the Court), the company has issued allotment letters to 332 allottees out of 508 flats constructed. The entire amount of additional premium payable to CIDCO in terms of the orders of the Court towards the flats allotted, as collected from the employees has been paid. As the process of transferring the title to eligible employees after receipt of NOC from CIDCO and formation of proposed housing society is to be completed, the cost of property at Nerul comprising cost of land and cost of construction is being carried in Fixed assets and depreciation is being charged as per the laid down accounting policy. No provision for additional premium payable to CIDCO towards unsold flats has been made since the allottees for these flats are not yet finalized. Additional lease premium towards non-development of the surplus land Rs.211.61 million (Rs.19.70 million during the year) payable to CIDCO has been capitalized under land cost.

21. As per the Purchase Agreement entered into with the aircraft manufacturer, the vendor recognizes to pay Liquidated Damages at the time of delivery of aircraft for non excusable delays for each day subject to an aggregate sum of 180 days. The vendor has also committed to pay interest on advance payments made by the airline as per originally contracted delivery.

An amount of Rs.2,008.7 million (USD 43.2 million) relating to 8 B787-8 aircrafts which were contracted to be delivered between October 2009 and March 2010 has been taken credit and shown as Extraordinary Receipt during the current year.

Further, interest of Rs. 133.8 million (USD 3.0 million) receivable as per Purchase Agreement from the vendor on account of advance payments made on the delayed B-787 aircraft has been reduced by crediting to Capital Work in Progress as on 31st March, 2011. The vendor has offered an additional compensation package in this regard which is being further discussed and negotiated for betterment.

22. Debentures issued on 26th March 2010 are redeemable at the end of 10 years. Redemption Reserve as required under section 117C of the Companies Act, 1956 has not been created since there are no profits.

23. 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.

As per the agreement buildings to be demolished would be reconstructed at MIAL's cost at alternate locations acceptable to the company or 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 outstanding dues as per MIAL (other than PSF/UDF) as on 31/03/2011 is Rs.1,113.8 million, against which there is a liability to the extent of Rs.774.5 million has been recognized and an amount of Rs.213.4 million has been disclosed as contingent liability. Remaining amount of Rs.125.9 million has not been considered in the accounts since as per the company, these claims are not acceptable. This is mainly due to difference in rate/area in respect of land and space rent, service tax not payable as per the company, excess billing on account of electricity charges, deduction on account of excess parking charges, etc.

There is an outstanding of Rs.137.9 million in respect of current dues towards PSF/PSF Security/UDF as per MIAL records. The billing for these items is done on the basis of number of pax flown. However, liability is created in Air India books on the basis of sales since airport taxes/levies are also collected along-with fare. The accounts with MIAL are however subject to confirmation, reconciliation and accounting adjustments, if any, arising out of the same, impact of which is not ascertainable.

24. Status of MOU with Delhi International Airport Ltd. (DIAL)

DIAL took over IGI Airport Delhi under provisions of Operation Management & Development Agreement (OMDA) on May 03, 2006 from Airports Authority of India. There were certain disputes interalia relating to Land and Space dues and Third Party Ground Handling Revenue Sharing. In order to evolve a sustainable long term and exclusive relationship, Memorandum of settlement between Air India and DIAL relating to legacy dues and other dues was entered into on April 14, 2010.

Accordingly the amount recoverable from client airlines to the tune of Rs.299.8 Million and Liability to DIAL to the tune of Rs.239.8 Million had been accounted for during 2010-11. The invoices in respect of the above not being received from DIAL, the amounts are subject to reconciliation. The balance 20% representing the discount due to Air India amounting to Rs.60.0 million had been held under Suspense Account as the same is available to the company on payment of the royalty/damage charges upon which the same shall be treated as incidental revenue. Out of the above recoverable amount of Rs.299.8 million, an amount of Rs.223.8 million has been realized and an ad-hoc amount of Rs.90.6 million paid to DIAL. However pending full realization and settlement with DIAL 20% representing the discount due to Air India held under Suspense Account is retained. The liability on this account as on 31st March 2011 is Rs.296.3 million which is subject to reconciliation with DIAL.

25. The company is in the process of streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger. Efforts are also being made to ensure at the year end that consumption as per the stores records is fully reconciled with the financial records and adjustments are duly accounted for. Goods in Transit account is also under the process of reconciliation. Physical verification programme at wide body is under comprehensive review and Internal Audit department is also strengthening the process of physical verification so as to cover the inventory in the block period of 2010-12.

26. The company is in the process of maintaining adequate records for scrap sale and consumption of non-aircraft material. As such these are accounted for on the basis of reports as received from stores.

27. Internal audit department is in the process of strengthening the internal audit process in the company so as to ensure the coverage of all the areas as envisaged in the minimum audit programme and ensure effective internal controls at stations, user departments and Central Accounts office.

28. The company continues to hold standby machinery spares as a part of inventory since these items can be used for both the purpose of modification in the aircrafts and also for maintenance jobs as well as for outside repair jobs. The precise amounts of these standby machinery spares intended for capital use are not ascertainable.

29. Claims for reimbursements from employees availing medical, educational and other leave without pay, claims of interest from suppliers / other parties are accounted for on cash basis due to uncertainties involved. Other staff claims, lost baggage claims are recognized on cash basis consistently. Liability for amounts payable towards IATA dues, liabilities for expenses and manufacturers' credits are recognized to the extent of claims/ invoices received. The overall impact of the same is not ascertained.

30. Current Assets, Loans and Advances

a) 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 improvements have been achieved in reconciling the various subsidiary ledgers with the General Ledger balances. However there are many accounts at centralized accounts office and at various stations where reconciliation of subsidiary accounts including intermediary accounts in revenue /other accounting modules, cash and bank balances etc. is in progress. Impact, if any, of consequential adjustment arising out of reconciliation on Financial Statements will be dealt with in the year of adjustment.

b) Internal controls at the stations with regard to transactions undertaken at stations are in the process of improvement.

c) The Service Tax including Input credit to be availed and Tax Deducted at source (TDS), Employee Provident Fund (EPF), Employee State Insurance Scheme (ESIS), Profession Tax and Airport Tax accounts are being reconciled to be in line with the Returns filed/ statutory records.

d) 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. The impact of translation of these balances is not ascertainable. As per Management, since the Company has significant foreign currency earnings, the un-hedged exposure to foreign exchange fluctuation is not material.

e) As per the consistent practice followed, aviation insurance premium is initially paid on provisional basis on the estimated passenger count/departure count/spares consumed. Adjustments with reference to actual counts/actual consumption are carried out at the time when final count is known. Deposit premium receivable from the insurance companies Rs.233.25 million is subject to confirmation and reconciliation.

f) In respect of Income Tax assessments/appeals wherein disputed demands aggregating to Rs.910.0 million are pending at various stages, the company is hopeful of matters being decided in its favour and therefore these are disclosed as contingent liability. The company has also taken necessary steps to obtain credit towards disallowance of TDS credit aggregating to Rs.919.9 million in various assessment years and is hopeful of getting relief in respect thereof. In case of income tax demands amounting to Rs.79.14 million wherein Committee of Disputes (COD) permission was not granted initially to contest the matter, no provision has been created since the management has decided to contest the appeal before the appropriate authority.

g) The company has an outstanding amount of service tax liability as on 31/03/2011 as per books amounting to Rs.1,826.5 million. Since the service tax account is being reconciled, no provision has been made in respect of interest payable. The amount of interest/penalty if any payable is not ascertainable.

h) The company has sought the confirmation of balances for most of the major receivables and payables and in this respect parties have been requested to confirm the balances. However, in many cases the parties have not responded. Wherever the balances confirmed by the parties are not in agreement, the reconciliation is under process and effect of consequential adjustments is not ascertainable as of now.

i) As per the consistently followed practice, the aging of debtors is arrived based on due date of the invoice. In certain cases there are unmatched credits which are not netted against the debits outstanding and reconciliation of balances in the debtors accounts is in progress. The impact of the above on the age of debts as due and provision for doubtful debts as computed in accordance with the accounting policy of the company, cannot been determined.

j) During the year the company has re-delivered leased aircrafts B777-222 to the lessor and the remaining balance in the maintenance reserve amounting to Rs.792.03 million has been charged off.

31. Current Liabilities :

a) Balance with oil companies are under confirmation and reconciliation. No provision for the interest on pending dues has been made in accounts since the matter is under negotiation/ correspondence. The amount is not ascertainable.

b) Liability towards frequent flier programme during the year amounting to Rs.106.2 million has been arrived based on historical average of mileage accrual and redemption pending stabilization of data due to migration to new software platform for PSS system. The impact in this respect is not considered material.

32. As per the accounting practice consistently being followed by the company, manufacturer's credit entitlements received at the time of delivery of aircrafts amounting to Rs.175.12 million wherein the company has opted to make net payments, have been capitalized and recognized as incidental revenue.

33. Investigations are still in progress, in respect of the fraud detected in 2009-10 at one of the foreign stations involving uplift of flight coupons for which sales was not reported. The revised estimated amount involved in the fraud is Rs.109.2 million which has been fully provided for. Further, by way of abundant caution, the company has created an additional provision for Rs.21.8 million, towards unreported sales by other stations in respect of which revenue was recognized on the basis of carriage.

34. During the year under audit it was originally decided to conduct audit of selected foreign stations at respective locations. However due to cost cutting measures, records relating to these stations were provided locally to the extent possible. As per the management there is no material impact of remaining records if any, in respect of these stations.

35. The company has been recognizing mail revenue in respect of domestic sectors based on the award given by the Ministry of Finance by Order dated 28th August, 2009 for the mail rates for the year 2006-07. Ministry of Finance vide Order No. Award (Report No. 8227) dated 11th March 2011 has awarded reduced Mail Rates for the periods 2007-08 to 2009-10 which was received by the company from the DGP&T in April 2011. The reduction in the mail rates awarded has not been accepted by the company and the matter has been taken up with the Advisor (Cost), Ministry of Finance, Dept. of Expenditure, New Delhi for revising the same. The difference between the Mail Rate paid by DGP&T and the rates awarded by the Ministry of Finance for the years 2007-08 to 2009-10 amounting to Rs.276.9 million shall be adjusted when the revised Award is received from the Ministry of Finance. Hence, there is a Contingent Liability of Rs.276.9 million as on 31st March 2011 being the differential rate amount for 2007-08 to 2009-10. For the year 2010-11 the company has continued to recognize the revenue based on award for the mail rates of 2006-07 and the difference if any, shall be adjusted at the time of receiving the award.

36. 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 sales were made) are given hereunder :

(Rs. in Millions)

Particulars	**2010-11**	2009-10
a) USA / Canada	**15,044.2**	14,495.4
b) UK / Eurpoe	**7,757.9**	7,791.1
c) Asia, Africa & Australia excluding India	**21,524.0**	21,790.3
d) India	**95,417.8**	83,543.5
Total	**139,743.9**	127,620.3

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.

37. Related Party Transactions :

Disclosures as required by Accounting Standard (AS-18) issued by the Institute of Chartered Accountants of India on "Related Party Disclosures" are given below :

As on 31st March, 2011 the Board comprised of the following members :

A. Key Managerial Personnel & Relatives :

	Name	Position on Board	Designation
1.	Mr. Arvind Jadhav Mr. Rohit Nandan(*)	CMD CMD	Chairman & Managing Director
2.	Mr. E. K. Bharat Bhushan	Govt. Nominee	Additional Secretary & Financial Advisor, Ministry of Civil Aviation & Director General Civil Aviation
3.	Mr. Prashant Sukul	Govt. Nominee	Joint Secretary, Ministry of Civil Aviation
4.	Mr. Amod Sharma	Functional Director (Ceased w.e.f. 1st Feb. 2011)	SBU Head (Related Business)
5.	Mr. Anup K. Srivastava	Functional Director (Ceased w.e.f. 22nd June 2011)	Director (Personnel)
6.	Ms. Anita Khurana	Functional Director (Ceased w.e.f. 14th July 2011)	SBU Head (Cargo)
7.	Mr. Vipin K. Sharma	Functional Director	SBU Head - MRO (Eng. & Comp)
8.	Mr. K. M. Unni	Functional Director	SBU Head – MRO (Airframes)
9.	Mr. S. Chandrasekhar	Functional Director (Ceased w.e.f. 31st Aug. 2011)	Director (Finance)
10.	Mr. Anand Mahindra	Independent Director (Ceased w.e.f. 9th March 2011)	Vice Chairman & Managing Director, Mahindra & Mahindra Ltd.
11.	Dr. Amit Mitra	Independent Director (Ceased w.e.f. 18th March 2011)	Secretary General, FICCI
12.	Mr. Harshavardhan Neotia	Independent Director	Managing Director, Ambuja Realty Development Ltd.
13.	Air Chief Marshal Fali H. Major (Retd.)	Independent Director	Former Chief of Air Staff
14.	Mr. M. A. Yusuffali	Independent Director	Managing Director, EMKE Group, Abu Dhabi, UAE.

(*) Mr. Arvind Jadhav was the CMD upto 12th August 2011 and Mr. Rohit Nandan was appointed as the CMD w.e.f. 12th August 2011.

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) <u>Joint Working Group with M/s. Hindustan Aeronautics Ltd. (HAL), Bangalore</u> :

During the year, the Company's share of profit from Joint Working Group arrangement with HAL for Ground Handling arrangement at Bengaluru Airport was Rs.10.7 million (Previous Year : Rs.9.5 million).

HAL has withheld an amount of Rs.99.6 million (Previous Year : Rs.99.6 million) from the settlement of AI profit share in the HAL- AI JWG at Bengaluru due to pending litigation.

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

The company has entered into a JV agreement with SATS, Singapore in the equity ratio of 50:50 to provide GH services to airlines at certain metro airports. This was in pursuance of GOI Notification on the

GH policy. The JV Company was formed on 20th April, 2010 and AI SATS had an initial contribution of Rs.50000 each. Prior to the formation of the Company, since the airports at HYD and BLR were made operational on 23rd March 2008 and 24th May, 2008 respectively the JV between AI & SATS operated under an Association of Persons (AOP).

A Business Transfer Confirmation Agreement (BTA) was executed to transfer the entire asset and liabilities on a 'slump sale' basis to the new company on 01st August 2010 vide BTA between AI SATS & the company. The BTA was executed on 30th March 2011 with a total value of Rs.872.3 million of which AI share was 50% i.e. Rs.436.1 million. An amount of Rs.436.1 million (Previous Year : Rs.333.9 million) from the BTA, has been shown as contribution towards capital investment in the JV company and transferred to Share Capital Suspense Account. In lieu of this, the company's share of the profit / loss of the JV as AOP has been recognized in the accounts and an amount of Rs.31.9 million has been credited to Capital Reserve. AI SATS Airports Services Pvt. Ltd has on 11th May 2011 issued 40419975 ordinary shares of Rs.10 each at a premium of Rs.0.79 i.e. Rs.10.79 per share and has adjusted Rs.436.1 million.

AI SATS JV also started operations in the new terminal at Delhi T3 partly w.e.f. 20th July 2010 and then progressively from Winter Schedule 2010. The staff of AI Delhi was transferred on deputation from July 2011.

The liability for provision of GH services by the JV for AI flights at HYD and BLR has been provided under the head Handling Charges based on the rates mutually arrived at between both parties. The total liability provided in the Books on this account as on 31st March 2011 is Rs.1,441.0 million (Previous Year : Rs.860.5 million). As against this, AI had billed AI SATS Rs.206.40 million in 2009-10 and Rs.348.6 million in 2010-11 in BLR and Rs.237.20 million in 2009-10 and Rs.95.30 million in 2010-11 in HYD totaling to Rs.887.4 million. Thus the balance confirmation from AI SATS has not been obtained since the accounts are subject to reconciliation.

Whilst the rates for HYD & BLR has been decided, the rates for DEL are yet to be decided based on cost data to be submitted by AI SATS Airports Services Pvt. Ltd.

Meanwhile an adhoc provision of Rs.161.1 million has been made in the Books based on the documents provided by AI SATS relating to the manpower expenditure at T3, which are subject to verification.

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.0.02 million (Previous Year & Maximum Balance during the year : Rs.0.04 million) on account of Housing Loan outstanding against one of the Functional Directors 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.

38. Managerial Remuneration :

(Rupees in Million)

	Particulars	**2010-11**	2009-10
(A)	**Chairman & Managing Director** Salaries and Allowances (Includes value of perquisities : Rs.0.04 million) (Previous Year : Rs. 0.06 million)	**1.1**	1.5
(B)	**Functional Directors**		
	(i) Salaries and Allowances (Includes value of perquisities : Rs.0.3 million) (Previous Year : Rs. 0.3 million)	**13.8**	12.4
	(ii) Contribution to Provident Fund	**0.4**	0.4

Note : As regards retirement benefits, other than Provident Fund, since they have been 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 company's 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 company's cars, including private journeys on payment of Rs.150 per month as per the policy of the Company.

39. 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.162,061.3 million (Previous Year : Rs.162,123.9 million). The future lease obligation is Rs.120,491.2 million as at March 31, 2011 (Previous Year : Rs.133,373.7 million).

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

(Rupees in Millions)

	Particulars	As at 31.03.11	As at 31.03.10
a)	Outstanding balance of minimum lease payments including interest thereon		
	- Not later than one year	**14,252.7**	14,240.5
	- Later than one year and not later than five years	**51,848.8**	53,699.5
	- Later than five years	**63,807.6**	77,086.6
	Total	**129,909.1**	145,026.6
b)	Present Value of (a) above		
	- Not later than one year	**12,659.8**	12,242.7
	- Later than one year and not later than five years	**46,427.8**	47,479.1
	- Later than five years	**61,403.6**	73,651.9
	Total (*)	**120,491.2**	133,373.7
c)	Finance Charges	**9,417.9**	11,652.9

(B) Operating Lease

a) The Company has taken aircraft on non-cancelable operating lease. The future minimum lease rental payment, as at March 31, 2011, is Rs.14,016.5 million (Previous Year : Rs.15,793.1 million).

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

(Rupees in Million)

	Particulars	As at 31.03.11	As at 31.03.10
a)	Not later than one year	**3,954.7**	4,919.0
b)	Later than one year and not later than five years	**10,054.3**	10,245.2
c)	Later than five years	**7.5**	628.9
	Total	**14,016.5**	15,793.1

However, in case of premature termination, the Lessee is required to pay the Lessor as per the terms of the agreement which includes balance lease rent and losses suffered by the Lessor due to early termination like swap cost, unwinding charges etc.

Lease rent expenses, in respect of aircraft taken on lease recognized in Profit & Loss Account for the year is Rs.5,820.7 million (Previous Year : Rs.8,168.1 million) this amount includes Rs.195.49 million paid towards Lease rent up to the termination date for B747-400 aircraft VT-ESM for which lease agreement was terminated during the year pursuant to the aircraft being damaged and grounded during 2009-10.

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.

40. Airline Allied Services Limited (AASL)

The company has given 6 B-737-200 freighter 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, certain items such as the charges for lease of the aircraft, handling charges for administrative & operational support, charges for substitution of aircraft and charges for labour hours spent on in-house maintenance of ATR/CRJ aircraft amounting to Rs.68.1 million (Previous Year : Rs.221.0 million) have not been charged to AASL.

As on 31st March 2011 an amount of Rs.1,136.1 million is payable to AASL by the company. However, as on 31st March 2010 an amount of Rs.481.4 million was receivable from AASL in respect of the transactions for the financial year 2009-10 and the same had been written off from the books of accounts and included under the head of "Advances to Wholly Owned Subsidiary Company Charged Off".

41. The subsidiary companies of the company are having accumulated losses and net-worth of these companies has eroded as on 31/03/2011. However, in view of the on going Turnaround Plan as well as the financial restructuring in vogue, in the opinion of the management, the diminution in the value of investment has not been considered as permanent and as such no provision in respect of such losses has been recognized. As per the management, 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.

42. A class action suit in a foreign country is pending against the company along with other foreign airlines, the financial impact of which is not ascertainable.

43. Earning Per Share

(Rupees in Million)

Particulars	**As at 31.03.11**	As at 31.03.10
Profit/(Loss) After Tax & Before Extra-Ordinary Items	**(70,660.3)**	(56,351.0)
<u>Less</u> : Extra-Ordinary Items	**(2,008.7)**	(826.6)
Profit/(Loss) After Tax & Extra-Ordinary Items	**(68,651.6)**	(55,524.4)
Weighted Average No. of Equity Shares	**1,181,712,329**	149,383,562
EPS Before Extra-Ordinary Items (Rs. per Share)	**(59.8)**	(377.2)
EPS After Extra-Ordinary Items (Rs. per Share)	**(58.1)**	(371.7)

44. Deferred Tax Asset

The Company is taking several initiatives towards cost cutting and revenue enhancement during the year which are expected to result in improved operational performance. These measures which are aimed at operational & financial restructuring included the following :

- Complete route rationalization of erstwhile AI & IA routes & elimination of route networks involving parallel operations;
- Rationalization of certain loss making routes;
- Induction of brand new aircraft on several domestic & international routes to increase passenger appeal;
- Phasing out of old fleet and consequential reduction in maintenance cost;
- Return of leased aircraft at the end of their tenure or prematurely;
- Freezing of employment in non-operational areas;
- Redeployment of staff to curb infructuous expenditure;
- Enhanced utilization of the new fleet resulting in production of higher ASKMs;
- Grounding of ageing fleet including B747-400 which would be used only for certain lines of operations and for operating VVIP flights. GOI has already been approached to reimburse the expenditure incurred on account of these aircraft. GOI has in principle agreed to this and is in the process of reimbursing Rs.3,420.0 million for the year 2011-12. As regards 2010-11 a separate claim has been made on GOI for reimbursement of cost including interest and service tax amounting to Rs.4,218.5 million.
- Relocation of EDs / IBOs from abroad to India;

- Closure of Overseas Offline Offices at certain locations;
- Increase in passenger / cargo revenue, excess baggage revenue through aggressive sales & marketing efforts and a separate cell for attracting government traffic;
- Leveraging the assets of the Company to increase MRO revenue and revenue from Company's real estate properties;
- Up gradation of IT Infrastructure & Implementation of Quick Win IT Solutions;
- Introduction of PSS (Passenger Services System) to have a single code and SAP ERP based Solutions throughout the Organization which would substantially benefit the Organization in terms of increase in revenue and decrease in cost;
- Joining one of the Alliances & thereby providing passenger with seamless connectivity across the globe on Star Carriers;
- Dismantling of the Frankfurt hub and establishment of the Delhi hub resulting in substantial savings due to restructuring of routes;
- Establishment of Integrated Operations Control Centre;
- Proposed operationalization of Subsidiary Companies such as AIATSL & AIESL and transfer of manpower and equipment and treating them as Independent Profit Centers;
- Establishment of proposed JVs with EADS for Airbus Airframe Repairs including Engines & Components with GE for repair of GE90 & GEnx engines with Boeing to service the 777 & 787 fleet;
- Travel of GOI traffic on AI;
- Induction of Independent Directors on the Board of AI & formation of Board Committees to monitor closely the financial & operating performance of the Company;
- M/s. SBI Caps have recommended a Financial Restructuring Plan (FRP) which would involve, inter alia, conversion of working capital loans into term loans with longer maturities at lower rate of interest, issue of cumulative redeemable preference share guaranteed by the Government. This would have an effect of reducing the interest burden and will result in an annual savings estimated by M/s. SBI Caps of Rs.10,000.0 million per annum, besides de-stressing the cash flow. The FRP was reviewed by Group of Ministers, who in turn, referred it to the Group of Officers in the Finance Ministry to furnish their recommendations / observations. Based on the various discussions, the Group of Officers had with M/s. SBI Caps, M/s. Deloitte (who were appointed as our independent Aviation Consultants to vet the Turn around Plan of Air India), the Group of Officers submitted their report to the Group of Ministers in the meeting held on 28th October 2011. As per the said report, the Group of Officers has recommended a moderate growth scenario wherein the target load factor has been set at 73% by 2015 and 75% by 2020. Under this scenario, Government of India would have to bring in Rs.67,500.0 million in F.Y. 2012 (including Rs.12,000.0 million provided in the Union Budget), infusion of equity to fund cash deficits upto F.Y. 2021 of Rs.45,520.0 million, equity infusion to fund principal and interest repayment in respect of guaranteed aircraft loan of Rs.189,290.0 million subject to achievement of certain milestones. Besides, Government would also provide a buy back guarantee for Cumulative Redeemable Preference Shares (CRPS) (F.Y. 2027 – 2032 of Rs.74,080.0 million). FRP also involves regulatory forbearance from RBI in respect of restructuring and provisioning norms. In view of the above measures, the airline will turn EBDITA (Earnings before Depreciation, Interest, Taxes and Amortization) positive in 2013, Cash positive by 2018 and PBT (Profit before Tax) and Net Worth positive by 2020.

The Management is therefore confident of utilizing the Net Deferred Tax Asset to the extent of Rs.28,425.2 million already recognized as detailed below, during the initial two years (2007-08 & 2008-09) of the formation of the company against the future tax liability. In the subsequent years, the Deferred Tax Asset is being recognized towards unabsorbed depreciation to the extent of Deferred Tax Liability. As a prudent measure, the Company has ceased to recognize excess of Deferred Tax Assets over Deferred Tax Liabilities as further Net Deferred Tax Asset till the above measures, which are in various stages of implementation, enable the company to project a sustainable profit. As on 31st March 2011, the details of the major components of deferred tax assets and liabilities are as under :

(Rupees in Million)

Particulars	As on 31.03.09 (Recognized in Accounts)	DTA/DTL Recognized (2009-10 & 2010-11)	Total DTA as on 31.03.11
(A) Deferred Tax Liability			
i) Related to Fixed Asset	28,606.5	19,462.1	48,068.6
Sub-Total (A)	**28,606.5**	**19,462.1**	**48,068.6**
(B) Deferred Tax Assets			
i) Unabsorbed Depreciation	20,356.8	19,462.1	39,818.9
ii) Business Loss	32,127.9		32,127.9
iii) Other Disallowances under IT Act	4,547.0		4,547.0
Sub-Total (B)	**57,031.7**	**19,462.1**	**76,493.8**
Deferred Tax/(Liability) (Net)	**28,425.2**	**0.0**	**28,425.2**

45. Going Concern :

The company has been facing severe liquidity crunch due to various factors like operational losses and its financial and operating performance has been affected in recent years due to a number of external and internal factors. The accumulated losses have exceeded the net worth of the company. The company has experienced delayed payments to the lenders, creditors and its employees. However the management of the company with the support of the Government has committed to the complete revival of the company by putting in place a Turnaround plan/FRP. Various initiatives have been taken by the management for improving the operational performance of the company and implementing a financial restructuring plan which contains sufficient equity infusion from the Government as well as additional capacity building by way of acquisition of new fleet of Aircraft Boeing-787. This is expected to result in an operational turnaround of the company and substantial improvement in the financial performance. In view of the above the present accounts have been prepared on a "Going Concern Basis" since in the opinion of the management there is no foreseeable situation of the company being otherwise.

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

(a) The outstanding as per Airport Authority of India in respect of AI Narrow Body is Rs.4,485.5 million against which there is a firm liability to the tune of Rs.3,464.6 million and contingent liability of Rs.627.9 million. Further, the outstanding as per Airport Authority is Rs.2,546.1 million for AI Wide Body and Air India Charters Ltd. against which there is a firm liability to the tune of Rs.675.6 million and contingent liability of Rs.439.3 million as per AI records. The main reasons for the variations are bills raised by AAI for land/space not occupied, measurement of land, billing for non air-conditioned area being charged at the rate of air conditioned area, excess electricity charges billed by AAI, excess parking charges, X-Ray charges for hand baggage not leviable, etc. The account being reconciled and remaining unconfirmed effect of adjustment, if any, will be accounted for in the year of settlement/reconciliation.

(b) Pending finalization of agreement/understanding, no provision for revenue sharing with Airports Authority of India (AAI) has been made. The company has recognized total revenue of Rs.907.3 million as Incidental Revenue (Previous Year : Rs.769.6 million) towards Agricultural and Processed Foods Export Development Authority (APEDA) handling with effect from 2004-05 until 31.03.2011 on the basis of quoted rates.

47. Payments to and Provisions for Employees :

a) Liability for wage arrears includes Rs.4,149.7 million (Net) (Previous Year : Rs.4,284.3 million (Net)) arrived at on ad-hoc basis towards wage settlement up to period 31st December, 2006 pending finalization of actual liability. Liability for wage arrears for the period upto 31st December 2006 is being reviewed every year end and adjustment if any, is given effect.

b) 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 been making losses ever since 1st January 2007 hence no provision has been made towards wage revision.

c) In terms of the wage agreements with certain Cabin Crew/Pilot Unions, an adhoc provision of Rs.500.4 million is being carried in the books of accounts towards arrears of flying allowance pending final computation thereof.

48. 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. Government vide Gazette Notification dated 18th May 2010 has amended the Payment of Gratuity Act 1972, whereby the limit of Rs.0.35 million has been enhanced to Rs.1.0 million for employees retiring w.e.f. 24th May 2010. During 2009-10 the Gratuity Provision was made as per the limits of Rs.0.35 million stating that the additional impact on account of the increase in limits shall be accounted for in 2010-11. Accordingly, the provision for Gratuity in 2010-11 has been provided as per the revised limit of Rs.1.0 million. The total amount of Gratuity Provision made in 2010-11 is Rs.3,641.9 million out of which Rs.2,923.4 million is the additional impact of the revision in Gratuity Limits from Rs.0.35 million to Rs.1.0 million.

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.

d) Others : Apart from the above the company also provided retirement gift to retiring employees and reimbursement of expenses relating to transportation of personal effects to their home town at the time of retirement.

(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.

(C) Defined Benefit Plan – Gratuity & Post Retirement Medical Benefits (Unfunded) :

(Rupees in Millions)

	Particulars	**Gratuity**		**Post Retirement Medical Benefits**	
		As at 31.03.11	As at 31.03.10	**As at 31.03.11**	As at 31.03.10
a)	**Table for Change in Benefit Obligation :**				
	Liability at the beginning of the year	**5,045.9**	4,789.0	**1,353.1**	1,120.5
	Interest Cost	**403.6**	349.3	**115.0**	91.4
	Current Service Cost	**199.3**	193.3	**372.4**	353.1
	Past Service Cost (Vested Benefit)	**2,609.2**	0.0	**0.0**	0.0
	Benefit Paid	**(757.6)**	(434.8)	**(325.8)**	(311.3)
	Actuarial (gain)/loss on obligations	**429.8**	149.1	**57.8**	99.4
	Liability at the end of the year	**7,930.2**	5,045.9	**1,572.5**	1,353.1
b)	**Table for Fair Value of Plan Assets :**				
	Value of Plan Assets at the beginning of the year	**-**	-	**-**	-
	Expected return on Plan Assets	**-**	-	**-**	-
	Contributions	**757.6**	434.8	**325.8**	311.3
	Benefit Paid	**(757.6)**	(434.8)	**(325.8)**	(311.3)
	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**	0.0	**0.0**	0.0
c)	**Table of Recognition of Actuarial Gains/Losses :**				
	Actuarial (Gains)/Losses on obligation for the period	**429.8**	149.1	**57.8**	99.4
	Actuarial (Gains)/Losses on asset for the period	**-**	-	**-**	-
	Actuarial (Gains)/Losses recognized in P&L A/c	**429.8**	149.1	**57.8**	99.4
d)	**Amount Recognized in the Balance Sheet :**				
	Liability at the end of the year	**7,930.2**	5,045.9	**1,572.5**	1,353.1
	Fair Value of Plan Assets at the end of the year	**-**	-	**-**	-
	Difference	**-**	-	**-**	-
	Amount Recognized in the Balance Sheet	**7,930.2**	5,045.9	**1,572.5**	1,353.1
e)	**Expense Recognized in the P&L Account :**				
	Current Service Cost	**199.3**	193.3	**372.4**	353.1
	Interest Cost	**403.6**	349.3	**115.0**	91.4
	Expected return on Plan Assets	**-**	-	**-**	-
	Net actuarial (gain)/loss to be recognized	**429.8**	149.1	**57.8**	99.4
	Past Service Cost (Vested Benefit)	**2,609.2**	0.0	**0.0**	0.0
	Expense Recognized in the P&L Account	**3,641.9**	691.7	**545.2**	543.9
f)	**Balance Sheet Reconciliation :**				
	Opening Net Liability	**5,045.9**	4,789.0	**1,353.1**	1,120.5
	Expense as above	**3,641.9**	691.7	**545.2**	543.9
	Benefit Paid	**(757.6)**	(434.8)	**(325.8)**	(311.3)
	Net Liability/(Asset) Recognized in P&L Account	**7,930.2**	5,045.9	**1,572.5**	1,353.1
g)	**Actuarial Assumptions for the year :**				
	Discount Rate	**8.00%**	8.00%	**8.00%**	8.00%
	Salary Escalation Rate	**4.00%**	4.00%		
	Medical Cost Inflation Rate	**-**	-	**4.00%**	4.00%
	Attrition Rate	**2.00%**	2.00%	**2.00%**	2.00%

49. 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, 2011.

50. Remuneration to Auditors

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

(Rupees in million)

Particulars	**2010-11**	2009-10
Audit Fees - For the Year	**6.0**	6.0
Out of Pocket Expenses*	**3.1**	2.1
Paid in Other Capacity* (Retainership Fee for Service Tax Matters)	**0.0**	0.2
Total	**9.1**	8.3

* Accounted on Payment Basis

51. Rental Receipts from Air India Building :

The erstwhile Air India Board in its 8th meeting held on 24th November, 1994 approved the appointment of an Estate Officer, issuance of fresh Notices to all the Licensees of Air India Building for eviction under the Public Premises (Eviction of Unauthorized Occupants) Act 1971. 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 and during 2006 to 2008 Estate Officer passed the orders for recovery of damages based upon the value determined by an approved valuer.

Accordingly damages for the period covering the increase in rent from April 1995 onwards from the occupants of the Air India Bldg. till they vacated, have been taken as Rs.300/- per sq. ft. per month as revenue.

No amount was realized towards the damages awarded by Estate Officer till March 2010. In view of the critical financial situation of the company, a review of the situation was taken with a view to explore the possibilities of realizing the dues as much as possible instead of waiting indefinitely for the court judgments. Two of the licensees were considered for an out of court settlement based on the court judgment in the damages case IPCL vs. Air India. On mutual agreement, an overall amount of Rs.873.3 millions (after deduction of 0.01% TDS) has been received from them as out of court settlement.

As a result of out of court settlement in respect of above two cases, the Company has recognized Rs.619.2 million as revenue during the year and the cumulative amount recoverable is reduced to Rs.2,725.3 million. On this account a provision of Rs.2,508.2 million has been made in the books of accounts.

52. 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.

53. The Ministry of Corporate Affairs has granted exemption to Airline Companies vide its notification dated 8th February 2011 from complying with the disclosure in the Notes to Accounts forming part of the Balance Sheet and Profit & Loss Account in respect of Paragraph 4-D (a) to (e) except (d) [which is also not applicable to the company] of Part II of Schedule VI of the Companies Act 1956. Accordingly, no reporting has been made in respect of this Para.

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

55. There have been changes in the accounting policies relating to accounting for a) Accounting Conventions, b) Depreciation, c) Revenue Recognition, d) Provision for Doubtful Debts, e) Foreign Currency Transactions, f) Operating Lease, g) Commodity Hedging Transactions, h) Haj Operations and i) Frequent Flyer Programme, the impact of which is not material.

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	For and on behalf of	For and on behalf of	For and on behalf of	For and on behalf of the Board	
R. Devendra Kumar & Associates	**Kapoor Tandon & Co.**	**P.K. Chopra & Co.**	**P.K.K.G. Balasubramanium & Associates**	Sd/- **Rohit Nandan**	Sd/- **Prashant Sukul**
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants	Chairman & Managing Director	Director
Sd/-	Sd/-	Sd/-	Sd/-	Sd/-	
D. K. Gupta	**Rajesh Parasramka**	**Tarun Kandhari**	**C. Suresh**	**S. Venkat**	
Partner	Partner	Partner	Partner	Executive Director - Finance & Company Secretary	
M.No. 09032	M.No. 074192	M.No. 074852	M.No. 204602		

Place : New Delhi
Date : 29 November 2011