



AIR INDIA AIR TRANSPORT SERVICES LIMITED





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BOARD OF DIRECTORS (AS ON 29.12.2014)

Shri Rohit Nandan **Chairman**
Shri S Venkat
Smt M Sathiyavathy
Shri Arun Kumar

Chief Executive Officer

Capt A K Sharma

Company Secretary

Smt Poonam Bharwani

Auditors

M/s Natvarlal Vepari & Co.
Chartered Accountants, Mumbai

Bankers

HDFC Bank Limited

Registered Office

Airlines House
113 Gurudwara Rakabganj Road
New Delhi 110 001

**DIRECTORS' REPORT**

The Directors take pleasure in presenting the Eleventh Annual Report of the Company, together with the Audited Accounts, Auditors' Report and Comments by the Comptroller and Auditor General of India, for the year ended 31 March, 2014.

FINANCIAL PERFORMANCE

	(Rupees in Lakhs)	
Particulars	2013-14	2012-13
Total Revenue	10181.50	7500.95
Total Expenses	9927.07	7398.14
Profit/(Loss) before Extraordinary Items and Tax	254.44	102.80
Prior Period Tax Adjustments	-	(4.80)
Profit/(Loss) before Tax	254.44	97.99
Provisions for Tax	105.00	47.35
Deferred Tax Asset	(70.30)	-
Net Profit/(Loss)	219.74	50.64

During 2013-14, total revenue was Rs.1,018,150,051/- and total expenses were Rs.992,706,516. After adjusting Prior Period Tax Adjustments and tax expenses, the net profit during the year ended 31 March 2014 was Rs.21,974,457/- .

OTHER FINANCIAL INFORMATION**Share Capital :**

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

Foreign Exchange Earnings :

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

IATA CLEARING HOUSE ASSOCIATE MEMBERSHIP

Process to become a Member of International Air Transport Association Clearing House, Canada was initiated during the year and the Membership was granted on 24 April 2014 as Associate Member. This will facilitate one point settlement of claims / bills raised and enable speedy and timely receipt of the payments.

Future Outlook

AIATSL presently provides ground handling services at 63 airports. Apart from handling the flights of Air India Limited and its Subsidiary Companies, ground handling is also provided for 29 foreign airlines and 4 domestic airlines for 115000 flights (Air India and Subsidiaries) and 27256 flights of customer airlines. With the growth of the international traffic in and out of India and with Air India, the parent company, joining Star Alliance, the number of airlines operating to and from India is likely to considerably increase in the future.

AIATSL has an advantage of having the latest state-of-the-art equipment and skilled manpower to handle these flights at various airports in India which no other Operator possesses presently. The Company is therefore confident that looking into the future, the ground handling revenue would considerably increase from handling foreign airlines and local domestic airlines.

With the Ground Handling Policy still undecided, AIATSL would also have advantage of operating from any airport in India being the Subsidiary of Air India Limited.



As per CAPA, the growth in traffic in and out of India is likely to grow manifold. India, a growing Asian economy, is amongst the fastest growing and currently the 9th largest aviation market handling 121 million domestic and 41 million international passengers, is expected to become the third largest aviation market by 2020 with the Country's airports handling 336 million domestic and 85 million international passengers with projected investment to the tune of US\$ 120 billion by 2020. This would lead to considerable growth in ground handling and ancillary activities and AIATSL would stand to gain by this development.

AIATSL with pan India presence is to be the market leader in the country and with its capability should be able to venture into few of the foreign countries wherever Air India is operating.

STAFF STRENGTH

Based on the requirement for handling of Air India, Air India Express and Customer airlines flights at various Indian stations, the number of staff inducted on contract under various categories as on 31 July 2014 is given below:

Asst. Controller	75
Junior Executive Technicians	61
Sr. Customer Agent	23
Customer Agent	1314
Junior Customer Agent	158
Senior Ramp Service Agent	109
Ramp Service Agent	466
Utility Agent cum Ramp Driver	127
Security Agent	819
Senior Security Agent	450
Handyman	218
Utility Service Agent (absorbed as per MOU)	45
Total	3865

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

ACTIVITIES OF AIATSL

Following activities were taken over and outsourced by AIATSL during the Financial Year 2013-14, after following necessary tender procedure :

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

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

At MADURAI, Comprehensive Ground Handling Services were taken over by Balika Services Pvt..Ltd. effective 1 January 2014.

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

At AHMEDABAD, Comprehensive Ground Handling Services at SVP Airport were taken over by Neha International effective 25 April 2013 and Ground Handling Services (Handyman) were taken over by Aroon Aviation Services effective 8 November 2013.

At MUMBAI, Providing Arrival Baggage Handling effective 11 April 2013, Services for Terminal functions for Passenger and Baggage Facilitation by providing Handymen effective 1 February 2014 and clerical / administrative, accounting and allied services effective 1 March 2014 at CSI Airport were taken over by Livewel Aviation.



Further, providing Handymen for Wheel Chair Services to Customer Airlines at CSI Airport, Mumbai were taken over by Bajrang Airlines (P) Ltd. effective 11 May 2013.

CORPORATE GOVERNANCE

The report on Corporate Governance is annexed at Annexure I.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm :

1. that in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed and there has been no material departure;
2. that the selected accounting policies were applied consistently and the Directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2014 and of the profit or loss of the Company for the year ended on that date;
3. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
4. that the annual accounts have been prepared on a going concern basis.

AUDITORS

M/s Natvarlal Vepari & Co., Chartered Accountants, Mumbai, were appointed as Statutory Auditors for the year 2013-14 by the Comptroller & Auditor General of India.

AUDIT COMMITTEE

Since the Turnover of the Company has crossed Rs.100 crores during 2013-14, the Audit Committee is being constituted as required under Section 177(1) of the Companies Act, 2013.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION

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

PARTICULARS OF EMPLOYEES

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

COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The comments of the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956 on the accounts of the Company for the year ended 31 March 2014 are annexed to this Report.

ACKNOWLEDGEMENTS

The Board gratefully acknowledges the support and guidance received from Air India Limited, the Ministry of Civil Aviation, Airports Authority of India, Bureau of Civil Aviation Security. The Board expresses their grateful thanks to the Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors and various other Government Departments.

For & on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Place : New Delhi
Date : 26 November 2014

**Report on Corporate Governance****Board of Directors**

As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

BOARD OF DIRECTORS AS ON 31 MARCH 2014

Shri Rohit Nandan
Chairman & Managing Director
Air India Limited

Chairman

Shri S. Venkat
Director (Finance), Air India Limited

Air India Nominee Director

Smt. M. Sathiyavathy
Addl Secretary & Financial Advisor
Ministry of Civil Aviation

Shri G. Asok Kumar
Joint Secretary, Ministry of Civil Aviation

Shri G. Asok Kumar was appointed Director on the Board of the Company vice Dr. Prabhat Kumar, who ceased to be Director on the Board of the Company with effect from 11 February 2014.

Shri Arun Kumar, Jt Secretary, Ministry of Civil Aviation was appointed Director on the Board of the Company vice Shri G. Asok Kumar, who ceased to be Director on the Board of the Company with effect from 23 April 2014.

The Board places on record its appreciation of the valuable services rendered by Dr. Prabhat Kumar and Shri G. Asok Kumar as Directors of the Company.

During the year, all Meetings of the Board and the Annual General Meeting were chaired by the Chairman.

Details regarding the Board Meetings, Annual General Meeting, Directors' Attendance thereat, Directorships and Committee positions held by the Directors are as under:

Board Meetings

Five Board Meetings were held during the financial year on the following dates :

26 June 2013	-	(44 th Meeting)
20 September 2013	-	(45 th Meeting)
30 December 2013	-	(46 th Meeting)
20 January 2014	-	(47 th Meeting)
10 March 2014	-	(48 th Meeting)



Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2013-14:

Name of the Director	Academic Qualifications	Attendance out of 5 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri Rohit Nandan Chairman	Post Graduation in History & MBA from UK	5	<u>Chairman</u> Air India Ltd. Air India Charters Ltd. Air India Engineering Services Ltd. Airlines Allied Services Ltd. Hotel Corporation of India Ltd. <u>Director</u> Air India SATS Airport Services Pvt. Ltd. Air Mauritius Ltd. Air Mauritius Holdings Ltd.	<u>Chairman</u> Finance Committee, AIL HR Committee, AIL Strategic Committee, AIL <u>Permanent Invitee</u> Audit Committee, AIL <u>Member</u> Corporate Social Responsibility and Sustainability Committee, AIL Audit Committee – Hotel Corporation of India Ltd. Audit Committee – Air India Charters Ltd.
Shri S. Venkat Director (Finance), Air India Limited (effective 27 December 2013)	B.Com., FCA, FCWA, FCS & CPA (US)	2	<u>Director</u> Air India Ltd. Air India Charters Ltd. Airline Allied Services Ltd. Hotel Corporation of India Ltd. Air India Engineering Services Ltd. Air India SATS Airport Services Pvt. Ltd.	<u>Member</u> Finance Committee, AIL <u>Special Invitee</u> Audit Committee, AIL Overseeing Committee, AIL <u>Co-opted Member</u> Strategic Committee, AIL
Smt. M. Sathiyavathy Addl. Secretary & Financial Advisor, Ministry of Civil Aviation (effective 26 February 2014)	Post Graduate	1	<u>Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd.	<u>Member</u> Audit Committee, AIL Strategic Committee, AIL Finance Committee, AIL
Shri G. Asok Kumar Jt. Secretary, Ministry of Civil Aviation (effective 11 February 2014 to 23 April 2014)	Post Graduate	-	<u>Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd.	<u>Member</u> Audit Committee, AIL HR Committee, AIL Strategic Committee, AIL Remuneration Committee, AIL
Shri K.M. Unni SBU Head-MRO (Airframe) (upto 30 November 2013)	B.Sc.-Engg. (Mech)	2	<u>Director</u> Air India Ltd. Air India Engineering Services Ltd.	<u>Member</u> Sustainable Development Committee, AIL



Name of the Director	Academic Qualifications	Attendance out of 5 Board Meetings held during the year	Details of Directorships held in other Companies	Memberships held in Committees
Shri S. Machendranathan Addl. Secretary and Financial Advisor, Ministry of Civil Aviation (upto 19 November 2013)	Post Graduation in Business Administration	2	<u>Government Director</u> Air India Ltd. Air India Engineering Services Ltd. Hotel Corporation of India Ltd. SAIL RINL KIOCL NMDC MECON Pawan Hans Helicopters Ltd. Airports Authority of India Ltd.	<u>Chairman</u> Overseeing Committee, AIL <u>Member</u> Finance Committee, AIL Audit Committee, AIL Strategic Committee, AIL
Dr. Prabhat Kumar Jt. Secretary, Ministry of Civil Aviation (upto 11 February 2014)	M.B.B.S.	2	<u>Director</u> Air India Ltd. Air India Engineering Services Ltd., Hotel Corporation of India Ltd.	<u>Member</u> Audit Committee, AIL HR Committee, AIL Strategic Committee, AIL Remuneration Committee, AIL

Annual General Meetings (AGM) during the last three years :

AGM Number	Date and time of the Meeting	Venue
8 th	29 December 2011 at 1400hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001
9 th	27 December 2012 at 1000hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001
10 th	30 December 2013 at 1400hrs	Airlines House,113 Gurudwara Rakabganj Road, New Delhi 110 001



COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF AIR INDIA AIR TRANSPORT SERVICES LTD. FOR THE YEAR ENDED 31 MARCH 2014.

The preparation of financial statements of **Air India Air Transport Services Ltd. (AIATSL)** for the year ended 31 March 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the Management of the Company. The Independent Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27 November, 2014.

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

Notes Forming Part of the Financial Statements

Consequent to Cabinet approval in September 2012 to operationalise AIATSL as an independent entity for Ground Handling (GH) services, AIATSL has been operationalised effective 1 February, 2013. In pursuant to this, Memorandum of Understanding (MOU) has been signed between Air India Limited (AIL) and AIATSL on 19 April, 2013 to formalize the relationship.

As per this MOU:

- AIL shall transfer its GH business at various locations across India to AIATSL on the date of execution of this MOU. AIL shall transfer all its movable assets such as machinery, equipment etc. at all Indian airport stations except those located at Delhi, Hyderabad, Bangalore, Thiruvananthapuram and Mangalore.
- AIATSL will share 20 per cent of its third party revenue with AIL from the 4 year of operationalisation of AIATSL.
- AIL shall, based on the equity support received from the Government of India as part of its Financial Restructuring Plan, provide to AIATSL equity required for capital expenditure to the extent of ₹ 393 Crore upto financial year (FY) 2023 of which ₹150 Crore shall be infused in FY 2013-14 by AIL for capital requirement of AIATSL.

As this is material information and MOU had been entered during the FY 2013-14, it should have been disclosed in Financial Statements.

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

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

Place : Mumbai
Date : 7 May 2015



MANAGEMENT REPLIES TO THE COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF AIR INDIA AIR TRANSPORT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2014

The observations of Government Audit in pursuance to the MoU entered between Air India Limited (AIL) and Air India Air Transport Services Limited (AIATSL) on 19 April 2013 has stated that it being material information, the same should have been disclosed in the Notes Forming Part of Financial Statements during FY 2013-14.

Management Replies to the Government Audit observations are as under:

Government Audit Observations	Management Reply
<p>AIL shall transfer its GH business at various locations across India to AIATSL on the date of execution of this MoU. AIL shall transfer all its movable assets such as machinery, equipment etc. at all Indian airport stations except those located at Delhi, Hyderabad, Bangalore, Thiruvananthapuram and Mangalore</p>	<p>Consequent to the hiving-off of ground handling activities of Air India Limited a subsidiary company M/s Air India Air Transport Services Limited (AIATSL) was operationalized on 1 February 2013. The accounts relating to ground handling activities, however, were maintained during the year 2013-14 in the books of Air India Limited including value of the movable assets which are to be transferred by Air India to AIATSL post 31 March 2014 at all Indian airport stations except those located at Delhi, Hyderabad, Bangalore, Thiruvananthapuram and Mangalore. It was only after novation of contracts (in October 2014) and establishing other financial formalities that AIATSL actually became operationally independent during financial year 2014-15.</p> <p>In view thereof FY 2014-15 is taken as the first year of operationalization of AIATSL.</p>
<p>AIATSL will share 20 per cent of its third party revenue with AIL from the 4th year of operationalization of AIATSL</p>	<p>The sharing of 20% of Third Party Revenue of AIATSL will be effective from the 4th year of operationalization of AIATSL.</p>
<p>AIL shall, based on the equity support received from the Government of India as part of its Financial Restructuring Plan, provide to AIATSL equity required for capital expenditure to the extent of Rs.393 crores upto financial year (FY) 2023 of which Rs.150 crores shall be infused in FY 2013-14 by AIL for capital requirement of AIATSL</p>	<p>The independent operationalization of AIATSL being in the FY 2014-15, the infusion of the proposed Rs.150 crores based on the equity support from GOI to Air India was not effected in the FY 2013-14. Based on the equity support from Government of India, Air India will release these funds in 2015-16.</p>



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

Report on Financial Statements

We have audited the accompanying financial statements of Air India Air Transport Services Limited (“the Company”), which comprises the Balance Sheet as at 31 March, 2014 the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 (“the Act”) read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and General Circular 08/2014 dated April 4, 2014 with respect to the Financial Statements. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

- (a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;
- (b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor’s Report) Order, 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.



2. As required by Section 227(3) of the Companies Act 1956, we report that:

- i) We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our Audit.
- ii) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of the books.
- iii) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of accounts.
- iv) In our opinion, the Balance Sheet, Statement of Profit and Loss and the Cash Flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 read with the General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act.
- v) Being a Government Company, pursuant to the Notification No. GSR 829(E) dated 21 October, 2003 issued by Government of India, provisions of clause (g) of sub-section (1) of Section 274 of the Companies Act, 1956, are not applicable to the Company.

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
FR No.: 106971W

Sd/-
N Jayendran
(Partner)
M. No. 40441

Place : Mumbai
Date : 27 November 2014



ANNEXURE TO THE AUDITORS' REPORT
(Referred to in our report of even date)

- (i) (a) The Company is maintaining proper records showing particulars, including quantitative details and situation of fixed assets;
- (b) The company has a regular program for physical verification of its fixed assets which in our opinion is reasonable having regard to the size of the company and the nature of its assets and operations. In accordance with this programme, the management during the current period has physically verified fixed assets and no material discrepancies have been identified on such verification.
- (c) The Company has not disposed off any substantial part of the fixed assets.
- (ii) The Company does not carry any inventory and hence clause 4(ii) of The Companies (Auditors' Report) Order, 2003 is not applicable.
- (iii) The company has neither given nor taken any loan from parties listed in the Register covered under Section 301 of The Companies Act, 1956 and hence clause 4(iii) of The Companies (Auditors' Report) Order, 2003 is not applicable
- (iv) *In our opinion and according to the information and explanations given to us there is a scope to strengthen the internal control procedures to make them commensurate with the size of the company and the nature of its business. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.*
- (v) (a) In our opinion and according to the information and explanations given to us, we are of the opinion that the particulars of all the contracts or arrangements that need to be entered in the register maintained under 301 of the Companies Act, 1956 have been so entered;
- (b) In our opinion and according to the information and explanations given to us, we are of the opinion that the transactions made in pursuance of contracts or arrangements referred to in 4(v)(a) above and exceeding the value of Rs.5.00 lacs with any party during the year have been made at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted deposits from the public, and consequently the directives issued by the Reserve Bank of India and the provisions of sections 58A and 58AA of the Act and the rules framed there under are not applicable to the Company. There is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections.
- (vii) According to the information and explanation given to us we report that no internal audit of the Company has been carried out. We are therefore unable to comment on whether the same is commensurate with the size and nature of its business or otherwise.
- (viii) According to the information and explanation given to us we report that the Company is not required to maintain cost records u/s 209(1)(d) of The Companies Act, 1956.
- (ix) (a) The Company is by and large regular in depositing statutory dues of Provident fund, ESIC, Income Tax or Service Tax with the appropriate authorities and there are no arrears of outstanding statutory dues of Provident fund, ESIC, Income Tax or Service Tax for more than six months from the date it became payable.
- (b) There are no disputed liabilities relating to statutory dues at the end of the year which are outstanding.
- (x) The Company has accumulated losses but the same are not in excess of fifty percent of its net worth.
- (xi) The Company does not have borrowing from any Financial Institutions, Banks or Debenture holders Hence clause 4(xi) of the Companies (Auditors' Report) Order, 2003 is not applicable.



- (xii) The Company has not granted loans or advances on the basis of security by way of pledge of shares, debentures or other securities and hence clause 4(xii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xiii) The Company is not a nidhi/ mutual benefit fund/society and accordingly clause 4(xiii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xiv) According to the information and explanations given to us the Company is not dealing or trading in shares, securities or debentures and other investment and therefore clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xv) According to the information and explanations the Company has not given guarantee for loans taken by others. Accordingly clause 4(xv) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xvi) The Company has not taken any term loan during the year and hence clause 4(xvi) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xvii) According to the information and explanations given to us and on overall examination of the Balance Sheet of the company, we report that short terms funds/Current liabilities is in excess of short term/current assets by Rs.6,05,06,719/- which represents that such short term funds are blocked in long term asset.
- (xviii) The Company has during the year not made preferential allotment of shares to parties and companies covered in the Register maintained under section 301 of the Act and hence clause 4(xviii) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xix) The company has not issued any secured debentures during the year and hence clause 4(xix) of the Companies (Auditors' Report) Order, 2003 is not applicable.
- (xx) The Company has not raised any money by public issues and hence clause 4(xx) of Companies (Auditors' Report) Order, 2003 is not applicable;
- (xxi) Based on the audit procedures performed and the information and explanation given by the management we report that no fraud on or by the company has been noticed or reported during the year.

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
FR No.: 106971W

Sd/-
N. Jayendran
(Partner)
M. No. 40441

Place : Mumbai
Date : 27 November 2014

**STATUTORY AUDITOR'S REPORT FOR THE FINANCIAL YEAR 2013-14 AND MANAGEMENT'S COMMENTS THEREON:**

Attention is invited to the following Note Nos.

Para No.	Audit Observations	Management's Comments
(iv)	There is a scope to strengthen the internal control procedures to make them commensurate with the size of the Company and the nature of its business.	The internal control procedures wherever required are being strengthened and corrective action initiated to overcome the same.
(vii)	No Internal Audit of the company has been carried out.	The process of outsourcing of Internal Audit function is under consideration of AIATSL.
(x)	The Company has accumulated losses and the same are in excess of fifty percent of its net worth.	The Company, although, has been operationalised since 1 st February 2013, the capital infusion by the parent company and transfer of Ground Handling Equipment is to take place during 2014-15. In the current year of 2014-15 with the increase of revenue and profit it will enable set off the accumulated losses and thus improve the net worth.
(xvii)	Short term funds/current liabilities is in excess of short term/current assets by Rs 6,05,06,719/- which represents that such short term funds are blocked in long term assets.	The funds representing long term assets are towards Income Tax refund due. All the Income Tax Returns have been filed by due date with claim of refund due. Even though the Orders for Assessment years 2005-06, 2008-09, 2009-10 and 2010-11 have been issued to the satisfaction of the company, the refunds due are still to be received by AIATSL. The Order for the Assessment Year 2011-12 has been completed and a refund of Rs.1.02 Crs. has been received on 21.1.2014. An adhoc refund of Rs.1.71Crs. has been received on 10.07.2014 for the Assessment Year 2013-14. The Order for the Assessment Year 2012-13 is under process and will be finalized shortly.



BALANCE SHEET AS AT 31 MARCH 2014

(Amount in Rupees)

Particulars	Notes	As at March 31, 2014	As at March 31, 2013
I EQUITY & LIABILITIES			
1 Shareholders' Funds			
(a) Share Capital	2	500,000	500,000
(b) Reserves and Surplus	3	(2,572,456)	(24,546,913)
(c) Money Received Against Share Warrants		-	-
		(2,072,456)	(24,046,913)
2 Share Application Money Pending Allotment		-	-
3 Non-Current Liabilities			
(a) Long-Term Borrowings		-	-
(b) Deferred Tax Liabilities (Net)	4	-	-
(c) Other Long Term Liabilities	5	650,000	860,000
(d) Long Term Provisions	6	18,197,142	10,978,014
		18,847,142	11,838,014
4 Current Liabilities			
(a) Short-Term Borrowings		-	-
(b) Trade Payables	7	154,044,364	103,464,739
(c) Other Current Liabilities	8	19,301,536	14,692,361
(d) Short-Term Provisions	6	1,593,148	1,267,388
		174,939,048	119,424,488
		191,713,734	107,215,589
TOTAL			
II ASSETS			
Non-Current Assets			
1 (a) Fixed Assets			
(i) Tangible Assets	9	85,281	1
(ii) Intangible Assets		-	-
(iii) Capital Work-in-Progress		-	-
(iv) Intangible Assets Under Development		-	-
		85,281	1
(b) Non-Current Investments		-	-
(c) Deferred Tax Assets (net)	4	7,030,989	67
(d) Long-Term Loans & Advances	10	71,758,283	71,555,249
(e) Other Non-Current Assets		-	-
		78,874,553	71,555,317
2 Current Assets			
(a) Current Investments		-	-
(b) Inventories		-	-
(c) Trade Receivables	11	107,254,562	23,389,580
(d) Cash and Bank Balances	12	5,445,119	11,546,816
(e) Short-Term Loans and Advances	10	-	-
(f) Other Current Assets	13	139,500	723,876
		112,839,181	35,660,272
TOTAL		191,713,734	107,215,589
Significant Accounting Policies	1		
Notes to Financial Statement	2 to 24		

As per our attached report of even date

For and on behalf of
Natvarlal Vepari & Co.

Chartered Accountants
FRNo : 106971W

Sd/-
N. Jayendran
Partner
MNo : 40441

For and on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Sd/-
A. Jayachandran
Chief of Finance

Sd/-
S. Venkat
Director

Sd/-
Capt. A.K. Sharma
Chief Executive Officer

Sd/-
Poonam Bharwani
Company Secretary

Place : Mumbai
Date : 27 November 2014

Place : New Delhi
Date : 26 November 2014



STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(Amount in Rupees)

Particulars	Notes	2013-14	2012-13
I Revenue from Operations (Gross):			
- Revenue from Handling Services	14	1,013,990,137	747,910,876
II Other Income:	15	4,159,914	2,184,687
A Total Revenue (I + II)		1,018,150,051	750,095,563
III Expenses:			
Employee Benefit Expenses	16	716,333,099	562,056,728
Finance Cost	17	896,378	-
Depreciation and Amortisation	18	6,375	-
Other Expenses	19	275,470,664	177,758,217
B Total Expenses		992,706,516	739,814,945
IV Profit Before exceptional and extraordinary items and Tax (III-IV)		25,443,535	10,280,618
V Exceptional Items		-	-
Prior Period Adjustments (Net)			
VI Profit Before extraordinary items and Tax (V-VI)		25,443,535	10,280,618
VII Extraordinary Items		-	-
VIII Profit Before Tax (VII-VIII)		25,443,535	10,280,618
IX Tax Expense			
1. Current Tax		10,500,000	4,500,000
2. Short/ (Excess) Provision of Tax		-	480,837
3. Deferred Tax Liability / (asset)		(7,030,922)	235,584
X Profit For the period from Continuing Operations (IX-X)		21,974,457	5,064,197
Earnings per Equity Share:	23		
Basic and Diluted		439.49	101.28
Par Value		10.00	10.00
Significant Accounting Policies	1		
Notes to Financial Statement	2 to 24		

As per our attached report of even date

For and on behalf of
Natvarlal Vepari & Co.
Chartered Accountants
FRNo : 106971W

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

Sd/-
S. Venkat
Director

Sd/-
N. Jayendran
Partner
MNo : 40441

Sd/-
A. Jayachandran
Chief of Finance

Sd/-
Capt. A.K. Sharma
Chief Executive Officer

Sd/-
Poonam Bharwani
Company Secretary

Place : Mumbai
Date : 27 November 2014

Place : New Delhi
Date : 26 November 2014



CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(Amount in Rupees)

Particulars	2013-14		2012-13	
A Cash Flow From Operating Activities		25,443,535		10,280,618
Net Profit Before tax				
Adjustments for:				
Depreciation / Amortisation	6,375		-	
Interest Received on Tax Refund	(1,629,658)		-	
Preliminary Expenses written off	668,150	(955,133)	668,150	668,150
Operating profit before working capital changes		24,488,402		10,948,768
(Increase) / Decrease in Trade Receivables	(83,864,981)		46,685,546	
(Increase) / Decrease in Other Current Assets	(83,774)		905,675	
Increase / (Decrease) in Provisions	7,544,888		3,243,767	
Increase / (Decrease) in Current Liabilities and Trade Payables	54,978,799	(21,425,068)	(37,013,188)	13,821,800
Cash Generated from Operations		3,063,334		24,770,568
Income Tax Paid (net of refund)		(9,073,376)		(16,824,524)
Net Cash from Operating Activities		(6,010,042)		7,946,044
B Cash Flow From Investing Activities				
Purchase of fixed assets		(91,655)		-
Net Cash From Investing Activities		(91,655)		-
C Cash Flow From Financing Activities				
Net (Decrease)/Increase in Cash or Cash Equivalents		(6,101,697)		7,946,044
Cash and Cash Equivalents				
- at the beginning of the year		11,546,816		3,600,772
- at the end of the year		5,445,119		11,546,816
		(6,101,697)		7,946,044
Component of Cash and Cash Equivalents				
Cash on hand		309		2,861
Balance in Current Account		5,444,810		11,543,955
		5,445,119		11,546,816

As per our attached report of even date

For and on behalf of
Natvarlal Vepari & Co.Chartered Accountants
FRNo : 106971WSd/-
N. Jayendran
Partner
MNo : 40441

For and on behalf of the Board

Sd/-
Rohit Nandan
ChairmanSd/-
A. Jayachandran
Chief of FinanceSd/-
S. Venkat
DirectorSd/-
Capt. A.K. Sharma
Chief Executive OfficerSd/-
Poonam Bharwani
Company SecretaryPlace : Mumbai
Date : 27 November 2014Place : New Delhi
Date : 26 November 2014



NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE “1” : SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Preparation

- i) The financial statements have been prepared to comply in all material respects with the notified accounting standards by the Companies (Accounting Standards) Rules 2006 (as amended) and the relevant provisions of the Companies Act, 1956 and Companies Act, 2013 read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and General Circular 08/2014 dated April 4, 2014 with respect to the Financial Statements. The financial statements have been prepared under the historical cost convention, on an accrual basis of accounting.

The classification of assets and liabilities of the Company is done into current and non-current based on the operating cycle of the business of the Company. The operating cycle of the business of the Company is less than twelve months and therefore all current and non-current classifications are done based on the status of realisability and expected settlement of the respective asset and liability within a period of twelve months from the reporting date as required by Revised Schedule VI to the Companies Act 1956.

- ii) **Change in Accounting Policy**

The accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.

b) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

c) Fixed Assets

- i) Tangible / Intangible Assets are recorded at cost of acquisition or construction. Cost of acquisition comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discount and rebates are deducted in arriving at the purchase price. Revalued assets are recorded at revalued amounts.
- ii) Capital Work In Progress represents expenditure incurred on capital asset that are under construction or are pending capitalisation and includes Project expenses pending allocation. Project expenses pending allocation are apportioned to the fixed assets of the project proportionately on capitalisation.
- iii) Cost of borrowing for assets taking substantial time to be ready for use is capitalised for the period up to the time the asset is ready for use.

d) Investments

Long term Investments are stated at cost. Provisions are made for diminution in value of investments other than temporary in nature. Current Investments are stated at cost or fair value whichever is lower.

Investments that are readily realisable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

e) Depreciation, Amortization and Impairment

- i) Depreciation on all assets of the Company is charged on written down value method over the useful life of assets estimated by the management in the manner provided in Schedule XIV of the Companies Act, 1956 for the proportionate period of use during the year. Intangible assets are amortised over the economic useful life estimated by the management.



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

- ii) The Company carries out exercise of assessment of any impairment to its fixed assets as at each balance sheet date. Changes in level of impairment are accounted in the Statement of Profit and Loss separately. Impairment loss in respect of assets sold / scrapped are reversed and consequent profit or loss on such sale is accounted. Impairment loss, if any, is provided to the extent, the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of an asset's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Depreciation charged on assets impaired is adjusted in future period over its remaining useful life.

f) Employee Benefits

- i) Retirement benefit in the form of provident fund is a defined contribution scheme and contributions are charged to the Statement of Profit and Loss for the year/period when the contributions are due.
- ii) Gratuity being a defined benefit obligation is provided on the basis of an actuarial valuation made at the end of each year/period using the projected unit credit method.
- iii) Leave encashment is recognised on the basis of an actuarial valuation made at the end of each year.
- iv) Actuarial gains/losses are immediately taken to Statement of Profit and Loss.

g) Foreign Exchange Transactions

- i) Transactions denominated in foreign currency are recorded at the exchange rate on the date of transaction. The exchange gain/loss on settlement / negotiation during the year is recognised in the Statement of Profit and Loss.
- ii) Foreign currency monetary transactions remaining unsettled at the end of the year are converted at year-end rates. The resultant gain or loss is accounted for in the Statement of Profit and Loss.
- iii) Non Monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

h) Revenue Recognition

- i) Revenue from Handling Services is recognized on rendering of services and is as per the terms of relevant agreement.
- ii) Revenue in respect of insurance/other claims, commission, etc. are recognised only when it is reasonably certain that the ultimate collection will be made.
- iii) Interest income is recognised on time proportion method basis taking into account the amounts outstanding and the rate applicable.

i) Borrowing Cost

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized. Other borrowing costs are recognized as expenses in the period in which they are incurred. In determining the amount of borrowing costs eligible for capitalization during a period, any income earned on the temporary investment of those borrowings is deducted from the borrowing costs incurred.

j) Taxation

Tax expenses comprise Current Tax and Deferred Tax

i) Current Tax

Current Tax is calculated as per the provisions of the Income tax Act, 1961.

ii) Deferred Tax

Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years. Deferred tax is measured



based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and the deferred tax liabilities related to the taxes on income levied by same governing taxation laws. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

iii) **MAT Credit**

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is reasonable certainty that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have reasonable certainty that it will pay normal tax during the specified period.

k) **Provisions, Contingent Liabilities and Contingent Assets**

A provision is recognised when an enterprise has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognised but disclosed in notes to accounts.

Contingent assets are neither recognised nor disclosed in financial statements.

l) **Cash and Cash Equivalents**

Cash and cash equivalents in the Balance Sheet comprise cash at bank, cheques on hand, cash in hand and short term investments with an original maturity of three months or less.

m) **Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the year after tax and preference dividend, if any, attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

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

**NOTE “2” : SHARE CAPITAL**

(Amount in Rupees)

Particulars	As at	
	March 31, 2014	March 31, 2013
Authorised Capital		
Equity Shares of Rs 10/- each	900,000,000	900,000,000
Redeemable Preference Shares of Rs 100/- each	100,000,000	100,000,000
TOTAL	1,000,000,000	1,000,000,000
Issued, Subscribed and Fully Paid up Capital		
Equity Shares of Rs 10/- each	500,000	500,000
TOTAL	500,000	500,000

The company is a wholly owned subsidiary of Air India Ltd.

i Details of Shareholding in excess of 5%

(Amount in Rupees)

Name of Shareholder	As at		As at	
	March 31, 2014		March 31, 2013	
	Number of shares held	%	Number of shares held	%
Air India Ltd. - Holding Company	50000	100	50000	100

As per the records of the Company, including its register of shareholders/members, the above shareholding represents legal ownerships of the shares.

ii Reconciliation of the equity shares outstanding at the beginning and at the end of the year

(Amount in Rupees)

Particulars	As at		As at	
	March 31, 2014		March 31, 2013	
	Number	Amount	Number	Amount
At the beginning of the year	50000	500,000	50000	500,000
Issued during the period	-	-	-	-
Outstanding at the end of the year	50000	500,000	50000	500,000

- iii The Company has issued only one class of shares referred to as equity shares having a par value of Rs10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders after distribution of all preferential amounts, if any.
- iv There were no instances of shares being issued/allotted by way of bonus shares or for consideration other than cash and no shares have been bought back by the company during the period of five years immediately preceding the date of Balance Sheet.



NOTE “3” : RESERVES & SURPLUS

(Amount in Rupees)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Surplus in Profit and Loss Account:			
Balance as per last Balance Sheet		(24,546,913)		(29,611,110)
Add :				
Profit / (loss) for the year	21,974,457		5,064,197	
Less:				
Transfer to General Reserve	-		-	
Interim Dividend	-		-	
Tax on Interim Dividend	-		-	
Sub Total		-		-
Net Surplus		21,974,457		5,064,197
TOTAL		(2,572,456)		(24,546,913)

NOTE “4” : DEFERRED TAX LIABILITY (NET)

(Amount in Rupees)

Particulars	As at March 31, 2014		As at March 31, 2013	
	Deferred tax liability on account of Depreciation	162		-
Total Deferred Tax Liability		162		-
Deferred tax asset on account of Unabsorbed Depreciation	-		67	
Other Tax disallowances	7,031,151	7,031,151	-	67
TOTAL		7,030,989		67

NOTE “5” : OTHER LONG TERM LIABILITIES

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
	Earnest Money Deposit	650,000
TOTAL	650,000	860,000

NOTE “6” : PROVISIONS

(Amount in Rupees)

Particulars	Long Term		Short Term	
	As at March 31, 2014	As at March 31, 2013	As at March 31, 2014	As at March 31, 2013
Provision for Leave encashment	1,459,375	1,451,000	332,586	303,203
Provision for Gratuity	16,737,767	9,527,014	1,260,562	964,185
Provision for Tax	-	-	-	-
TOTAL	18,197,142	10,978,014	1,593,148	1,267,388



The following table summarises the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet.

Particulars	Gratuity	
	2013-14	2012-13
Change in Benefit Obligation		
Liability at the Beginning of the year	10,491,199	-
Interest Cost	839,296	-
Current Service Cost	2,302,172	-
Past Service Cost	-	-
Benefit Paid	(142,096)	-
Actuarial loss/(Gain)	4,507,758	-
TOTAL	17,998,329	-
Fair Value of Plan Assets		
Fair Value at the Beginning of the year	-	-
Expected Return on Plan Assets	-	-
Benefit Paid	-	-
Actuarial loss/(Gain)	-	-
TOTAL	-	-
Actuarial Gain / Loss		
On Obligation	4,507,758	-
On Assets	-	-
TOTAL	4,507,758	-
Return On Plan Assets		
Expected Return on Plan Assets	-	-
Actuarial Gain / Loss on Plan Assets	-	-
TOTAL	-	-
Amount Recognised in Balance Sheet		
Liability at the end of the year	17,998,329	-
Fair Value of Plan Assets at the end of the year	-	-
Difference	(17,998,329)	-
Unrecognised Past Service Cost	-	-
(Liability) / Asset Recognised in Balance Sheet	(17,998,329)	-
Break up		
Current	1,260,562	964,185
Non - Current	16,737,767	9,527,014
Expenses Recognised in Income Statement		
Current Service Cost	2,302,172	-
Interest Cost	839,296	-
Expected Return on Plan Assets	-	-
Net Actuarial Gain / Loss Recognised	4,507,758	-
Expenses Recognised in Income Statement	7,649,226	-



Particulars	2013-14	2012-13
Balance Sheet Reconciliation		
Opening Net Liability	10,491,199	-
Expense as above	7,649,226	-
Past Service Cost	-	-
Employer's Contribution	(142,096)	-
Amount Recognised in Balance Sheet	17,998,329	-

The principal assumptions used in determining the gratuity obligations are as follows :

Assumptions	As at March 31, 2014	As at March 31, 2013
Discount Rate	9.29%	8.00%
Expected rate of return on plan assets	N.A	N.A
Expected rate of salary increase	5.50%	5.50%
Attrition rate	10.00%	10.00%

Experience Adjustment

Particulars	As at March 31, 2014	As at March 31, 2013
On Plan Liability (Gains) / Losses	6,181,133	-

The Gratuity liability is not funded. The detailed disclosure as required by AS-15 was not provided for the previous year and therefore the same is not disclosed.

NOTE "7" : TRADE PAYABLES

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Micro, Small and Medium Enterprises	-	-
- Salary and Employee Benefits Payable	627,11,569	483,92,732
- Other Payables	913,32,795	550,72,007
TOTAL	154,044,364	103,464,739

As per the intimation available with the Company, there are no Micro, Small and Medium Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 to whom the Company owes dues on account of principal amount together with the interest and accordingly no additional disclosure have been made. The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors'.

NOTE "8" : OTHER CURRENT LIABILITIES

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Statutory Dues	7,672,207	5,667,394
Advance from Customers	749,329	749,329
Deposits Against Bank Guarantee	7,340,000	5,955,638
Earnest Money Deposits	3,540,000	2,320,000
TOTAL	19,301,536	14,692,361



NOTE “9” : TANGIBLE ASSETS

(Amount in Rupees)

i Tangible Assets			
	Copier Machine	Computers	Total
Cost			
As at 1 April 2012	-	135,323	135,323
Additions	-	-	-
Disposals/Adjustments	-	-	-
As at 31 March 2013	-	135,323	135,323
Additions	91,655	-	91,655
Disposals/Adjustments	-	-	-
As at 31 March 2014	91,655	135,323	226,978
Depreciation			
As at 1 April 2012	-	135,322	135,322
Charge for the Year	-	-	-
Disposals/Adjustments	-	-	-
As at 31 March 2013	-	135,322	135,322
Charge for the Year	6,375	-	6,375
Disposals	-	-	-
As at 31 March 2014	6,375	135,322	141,697
Net Block			
As at 31 March 2013	-	1	1
As at 31 March 2014	85,280	1	85,281

NOTE “10” : LOANS AND ADVANCES

(Amount in Rupees)

Particulars	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Unsecured, considered good				
Deposits	324,000	324,000	-	-
Income Tax - net of provisions	71,355,073	71,152,039	-	-
Advance Fringe Benefit Tax (Net)	79,210	79,210	-	-
TOTAL	71,758,283	71,555,249	-	-

NOTE “11” : TRADE RECEIVABLES

(Amount in Rupees)

Particulars	Non - Current		Current	
	As at	As at	As at	As at
	March 31, 2014	March 31, 2013	March 31, 2014	March 31, 2013
Unsecured, considered good				
Outstanding for more than six months	-	-	-	-
Other Debts	-	-	107,254,562	23,389,580
TOTAL	-	-	107,254,562	23,389,580

Trade receivables represents the amounts due from the holding Company - Air India.

**NOTE “12” : CASH AND BANK BALANCES**

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Cash and Cash Equivalents		
i Cash Balance	309	2,861
ii Balance with Bank in Current Account	5,444,810	11,543,955
TOTAL	5,445,119	11,546,816

NOTE “13” : OTHER CURRENT ASSETS

(Amount in Rupees)

Particulars	As at March 31, 2014	As at March 31, 2013
Advance against Salary	112,000	10,000
Prepaid Office expenses	27,500	-
Service Tax input interim	-	43,588
Professional tax recoverable	-	2,138
Preliminary Expenses	-	668,150
TOTAL	139,500	723,876

NOTE “14” : REVENUE FROM OPERATIONS (GROSS)

(Amount in Rupees)

Particulars	2013-14	2012-13
i Revenue from Handling Services	1,013,990,137	747,910,876
TOTAL	1,013,990,137	747,910,876

NOTE “15” : OTHER INCOME

(Amount in Rupees)

Particulars	2013-14	2012-13
Recruitment Application Money	1,464,668	712,925
Interest on tax refund	1,629,658	-
Notice period Salary recovered	1,065,446	1,471,762
Other Income	142	-
TOTAL	4,159,914	2,184,687

NOTE “16” : EMPLOYEE BENEFIT EXPENSES

(Amount in Rupees)

Particulars	2013-14	2012-13
Salaries	682,516,593	535,546,033
Bonus	1,062,148	1,267,926
PF & EDLI Charges	21,280,071	19,718,275
Gratuity	7,649,226	2,597,502
Leave Encashment	1,539,200	1,168,681
PF Employer's contribution	1,920,455	1,364,930
Staff Welfare Expenses	365,406	393,381
TOTAL	716,333,099	562,056,728

**NOTE “17” : FINANCE COST**

(Amount in Rupees)

Particulars	2013-14	2012-13
Interest on Delayed Payment of TDS	17,760	-
Interest on Service Tax	878,618	-
TOTAL	896,378	-

NOTE “18” : DEPRECIATION AND AMORTISATION

(Amount in Rupees)

Particulars	2013-14	2012-13
Depreciation	6,375	-
TOTAL	6,375	-

NOTE “19” : OTHER EXPENSES

(Amount in Rupees)

Particulars	2013-14	2012-13
Handling Charges	248,847,538	147,208,447
Establishment Support Charges	19,234,525	20,939,189
Recruitment Expenses	3,143,112	4,562,836
Electricity Charges	1,064,435	1,163,969
Rent	107,780	107,780
Rates and Taxes	797,797	627,842
Travelling and Conveyance Expenses	312,346	886,833
Legal and Professional Expenses	143,950	110,196
Preliminary Expenses Written Off	668,150	668,150
Miscellaneous Expenses	966,031	1,247,975
Remuneration To Statutory Auditor		
- Audit fees	175,000	225,000
- Out of Pocket Expenses	10,000	10,000
TOTAL	275,470,664	177,758,217

20. Disclosure under AS-17 “Segment Reporting” notified under The Company Accounting Standard Rules 2006.

The Company operates in a single reportable primary business segment viz: Airport Ground Handling Services and hence no disclosure under AS-17 “Segment Reporting” is made. The Company renders services only in India.

21. Disclosure under AS-18 “Related Party Disclosures” notified under The Company Accounting Standard Rules 2006.**a. Related Party Relationships**

In terms of para 9 read with para 10.13 of AS-18, the Company, being a wholly owned subsidiary of a State Controlled Enterprise under the control of Central Government, is not required to make disclosure regarding related party relationships with other State Controlled Enterprises and transactions with such enterprises.

Key Management Personnel

Captain A.K. Sharma
Mr Sanjiv Dua

Chief Executive Officer (from 26.11.13)
Chief of Finance (from 01.02.14)

**b. Transactions during the year**

Remuneration paid	Key Management Personnel	Total
- Captain A.K. Sharma	1,065,666	1,065,666
	-	-
- Mr. Sanjiv Dua	90,000	90,000

22. The Company is rendering a part of rent expenses towards use of property and furniture and fixtures as its share to its Holding Company. The amount reimbursed is disclosed as Rent in Other Expenses.

23. Earning Per Share

The Company has not issued any potential diluted equity share and therefore the Basic and Diluted earning per Share is same. The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding.

Particulars	2013-14	2012-13
Profit after tax	21,974,457	5,064,197
Weighted Average no. of shares outstanding (Nos.)	50,000	50,000
Nominal value of equity share (Rs.)	10.00	10.00
Earnings per share (Rs.)	439.49	101.28

i Reconciliation of Weighted Average No. of Shares outstanding during the Year

Particulars	2013-14	2012-13
Total number of equity shares outstanding at the beginning of the year	50,000	50,000
Total number of equity shares outstanding at the end of year	50,000	50,000
Weighted average number of equity shares at the end of the year	50,000	50,000

24. Previous year figures have been regrouped / rearranged to confirm to current year's classification.

As per our attached report of even date

For and on behalf of
Natvarlal Vepari & Co.

Chartered Accountants
FRNo : 106971W

Sd/-
N. Jayendran
Partner
MNo : 40441

Place : Mumbai
Date : 27 November 2014

For and on behalf of the Board

Sd/-
Rohit Nandan
Chairman

Sd/-
A. Jayachandran
Chief of Finance

Place : New Delhi
Date : 26 November 2014

Sd/-
S. Venkat
Director

Sd/-
Capt. A.K. Sharma
Chief Executive Officer

Sd/-
Poonam Bharwani
Company Secretary