



AIR-INDIA
LIMITED

ANNUAL REPORT
1949



AIR-INDIA LIMITED

Authorised Capital Rs. 5,00,00,000

Divided into 2,00,000 Ordinary Shares of Rs. 100 each.

3,00,000 Unclassified Shares of Rs. 100 each.

Issued and Subscribed Capital Rs. 1,50,00,000

Paid-up Capital Rs. 1,50,00,000

DIRECTORS:

J. R. D. TATA, Esq., *Special Director, Chairman.*

A. D. SHROFF, Esq., *Special Director, Vice Chairman.*

THE HON'BLE SARDAR BAHADUR SIR SOBHA SINGH, O.B.E.

N. H. TATA, Esq.

GAUTAM SARABHAI, Esq.

J. D. CHOKSI, Esq.

SIR GURUNATH V. BEWOOR, K.C.I.E.

NEVILLE N. WADIA, Esq.

RAMNIWAS RAMNARAIN RUIA, Esq.

S. N. BILGRAMI, Esq.

Bankers:

IMPERIAL BANK OF INDIA.

CENTRAL BANK OF INDIA LIMITED.

BANK OF BARODA LIMITED.

Solicitors:

MESSRS. WADIA GHANDY & CO.

Auditors:

MESSRS. A. F. FERGUSON & CO.

Chartered Accountants.

Secretaries and Treasurers:

MESSRS. TATA INDUSTRIES LIMITED.

REGISTERED OFFICE : NEW INDIA ASSURANCE BUILDING, MAHATMA GANDHI ROAD, FORT, BOMBAY I.

NOTICE

THE FOURTH ANNUAL GENERAL MEETING OF THE SHAREHOLDERS OF AIR-INDIA LIMITED, will be held on Wednesday, the 13th September, 1950 at 4-30 P.M. (S. T.) at the Registered Office of the Company, New India Assurance Building, Mahatma Gandhi Road, Fort, Bombay, to transact the following business :—

1. To receive and adopt the Directors' Report and Audited Profit & Loss Account and Balance Sheet for the year ended 31st December, 1949.
2. To elect a Director in place of Mr. Syed Naqī Bilgrami, who retires under Article 128 of the Articles of Association, but is eligible for re-election.
3. To elect a Director in place of Mr. N. H. Tata, who retires by rotation and is eligible for re-election.
4. To elect a Director in place of Sir Gurunath V. Bewoor, K.C.I.E., who retires by rotation and is eligible for re-election.
5. To elect a Director in place of Mr. Neville N. Wadia, who retires by rotation and is eligible for re-election.
6. To appoint Auditors for the current year and to fix their remuneration.

The Transfer Books of the Company will be closed from Wednesday, the 30th August, 1950 to Thursday, the 14th September, 1950 both days inclusive.

By Order of the Directors,
TATA INDUSTRIES LIMITED, SECRETARIES & TREASURERS,

G. V. BEWOOR

Bombay, 16th August, 1950.

Director.

DIRECTORS' REPORT

TO

THE SHAREHOLDERS,

The Directors present herewith their Fourth Report with the audited Statement of Accounts for the year ended 31st December, 1949.

ACCOUNTS

The delay in presenting the Report and Accounts to the shareholders and in holding the annual general meeting was due, as in the last year, to the numerous inter-company accounting and organisation problems arising from the special contractual relationship which this Company bears to Air-India International Limited. The allocation of common expenses between the two Companies for 1949 is still under discussion and the accounts now submitted to you are, therefore, subject to adjustment.

The Directors much regret that the financial results of the year's operation show a further deterioration as compared with those of 1948 and 1947. Flying operations during the year were higher by about 10 per cent. than in the previous year, but revenues fell by about Rs. 11 lakhs, while expenditure, excluding depreciation, rose by about Rs. 6 lakhs. As a result, the Directors were unable to make full provision for depreciation. Whereas, at the Company's normal rates of depreciation, a provision of about Rs. 26 lakhs would have been required for this purpose, the available balance of net operating revenues was only sufficient to set aside Rs. 11.45 lakhs, leaving a nominal profit of Rs. 3,541 to be carried to the Appropriation Account. Adding thereto the balance of Rs. 24,064 brought forward from last year, the net surplus for the year is Rs. 27,605 to be carried forward to the next year's account.

The substantial fall in revenues was principally due to a heavy drop in passenger traffic, mostly on the Bombay-Karachi route owing to the disturbed relations between the two countries during the year and to the introduc-

tion of the permit system for travellers on this route.

The rise in expenditure was mainly caused by a steep increase in salaries and wages due to the cumulative effect of the revised incremental scales of pay and dearness allowance payable under negotiated agreement and adjudication awards. The heavy increase under this head was partly compensated by economies in other directions.

Along with your Company, the whole industry, faced with mounting expenditure and dwindling revenues, continued to lose ground during the year. Such benefit as your company might have derived from the introduction of the all-up airmail scheme by the Government of India in April 1949, was nullified by the drastic reduction in the rate of payment for the carriage of mails and by the grant, to a new company of a license to operate what has come to be known as the night airmail scheme, under which most of the mails are given for carriage to that operator. Towards the end of 1949 and in the current year, the situation was steadily aggravated by the extremely low passenger fares fixed for the night services. The introduction of these cheap fares started a damaging process of fare reductions by one operator after another which forced down rates on most routes to a level at which it is not possible to meet expenses, let alone make a profit.

The position of the industry and its future were the subject of a debate in Parliament in November 1949. This was followed by Government's wise decision, long advocated by your Company, to institute an independent enquiry into the working of the industry. The Air Transport Enquiry Committee was appointed in February 1950, under the Chairmanship of the Hon'ble Mr. Justice Rajadhyaksha. It has recently completed its investigations, in the course of which your Company and all the other air lines gave evidence, and its report and recommendations to Government are expected shortly.

FLEET

On the 31st December 1948, the Company had 8 Vikings, and 13 Dakotas (of which 2 were on lease, 1 being unserviceable) and 1 Beechcraft. In April 1949, the Company lost one Viking in a forced landing, fortunately involving no injury to persons or loss of cargo. During the year, three Dakotas were purchased, and one leased Dakota which was unserviceable was surrendered. At the end of the year, the Company's fleet consisted of:

- 15 Dakotas;
- 7 Vikings and
- 1 Beechcraft D18S.

ROUTES AND OPERATIONS

The routes and frequencies operated as on 31-12-1949 are shown in the statement on page 5. During the year, the Company received a licence to operate a service on the Bombay-Baroda-Ahmedabad route. The traffic on this route, however, proved to be wholly inadequate, and after six months' experiment, the service was suspended in October.

Between July and September 1949, the Company operated, under a provisional licence a daily return service on the Bombay-Nagpur-Calcutta route when the licence of the then operator was suspended. The Company did not obtain a permanent licence to operate this route which was re-allotted, on a provisional licence, to the previous operator, in September.

As stated in last year's Report, the frequency of the Bombay-Karachi service had to be reduced from 14 to 7 a week owing to the substantial fall in traffic due to the introduction of the permit system between India and Pakistan.

The frequency of the Bombay-Madras non-stop service was increased from 5 to 7 a week and of the Madras-Trivandrum service from 6 to 7 a week.

Since the close of the year, the Company has started the operation of a daily night service

between Bombay and Delhi. At the same time, the frequency of the Bombay-Ahmedabad-Jaipur-Delhi service was reduced from 7 to 4 and of the Bombay-Madras service from 7 to 3 a week, owing to the serious fall in traffic on these routes.

On the Bombay-Madras-Colombo service, the halt at Hyderabad has recently been omitted and one at Tiruchirapalli has been introduced in its place.

AIR-INDIA INTERNATIONAL

The operations of Air-India International Limited, of which your Company are the Technical Managers and General Agents in India, showed a marked increase during the year under review. As compared with 1,930,000 capacity ton miles flown in the 7 months of the previous year, 6,669,000 capacity ton miles were flown during 1949. This is equal to about 65 per cent. of Air-India's own operations during the same period.

A noteworthy and highly gratifying feature of these operations was that, after providing for full depreciation, the Company made a profit during the very second year of its existence, which was also its first full year of operation. This achievement reflects great credit on the management and staff of your Company who were primarily responsible for the results and who discharged with efficiency and success the heavy responsibilities and additional work thrown upon them by the large increase in Air-India International's operations during the year.

STAFF

Reference was made in last year's Report to the strike which occurred from the 18th February to the 28th February, 1949. The matters in dispute were settled subsequently by an Award made by the Adjudicator appointed by Government.

In view of the material increase in costs under "Salaries and Wages" and the substantial fall in revenue which began about the

ANNUAL REPORT 1949

middle of 1949, your Company was compelled to undertake drastic steps for effecting economy in expenditure. As an immediate measure of economy, the grant of all increments was stopped for a period of one year from the 1st of October, 1949. A thorough examination of the existing sanctioned force was made, and since the close of the year, a substantial reduction in staff has been effected. The total number of employees at the end of 1949 was 3,593 as compared with a total staff of 3,761 at the end of 1948. On the 30th June, 1950, the total strength had been reduced to 3,224. Your Company is continuing the further examination and reorganisation of its operations with a view to secure greater economy and efficiency.

DIRECTORS

During the course of the year, there was no change in the Board of Directors, but since the close of the year Mr. T. M. Jagtiani has

resigned from the Board. In his place, the Directors have appointed Mr. S. N. Bilgrami and you are requested to confirm this appointment under Article 128 of the Articles of Association.

In accordance with the requirements of the Indian Companies Act, and the Articles of Association of the Company, Mr. N. H. Tata, Sir Gurunath Bewoor and Mr. Neville Wadia retire by rotation, but are eligible for re-election.

The shareholders are requested to elect Auditors for the current year and to fix their remuneration.

On behalf of the Directors,

J. R. D. TATA

Chairman.

Bombay, 16th August, 1950.

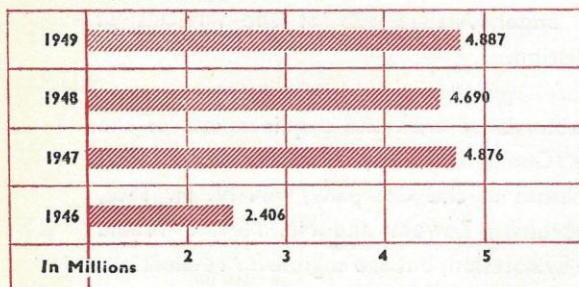
· ROUTES AND FREQUENCIES OPERATED AS ON 31-12-1949.

ROUTE.	ROUTE MILEAGE.	FREQUENCY PER WEEK.
Bombay-Ahmedabad-Karachi	647	7
Bombay-Karachi	545	7
Bombay-Hyderabad-Madras-Colombo	1141	7
Bombay-Madras	644	7
Bombay-Ahmedabad-Jaipur-Delhi	749	7
Bombay-Delhi (Day service)	708	7
Bombay-Calcutta	1041	7
Madras-Bangalore-Coimbatore-Cochin-Trivandrum	517	7

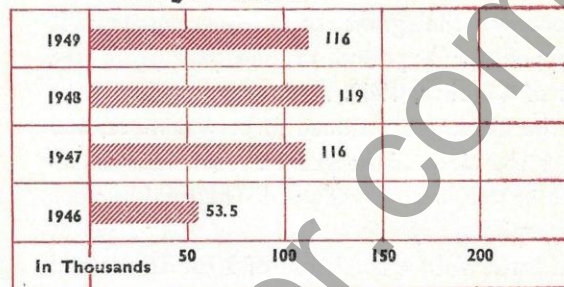
AIR-INDIA LIMITED

Statistics

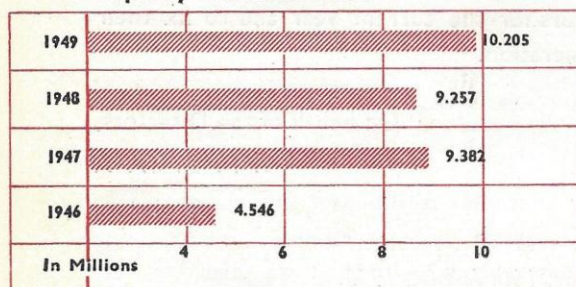
Miles Flown



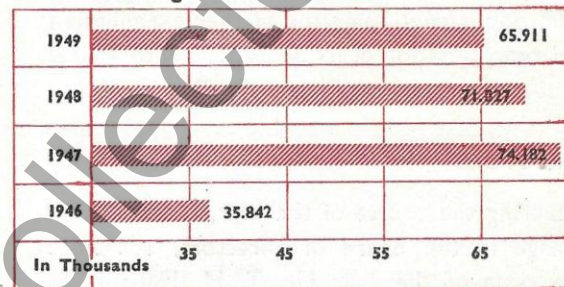
Passengers Carried



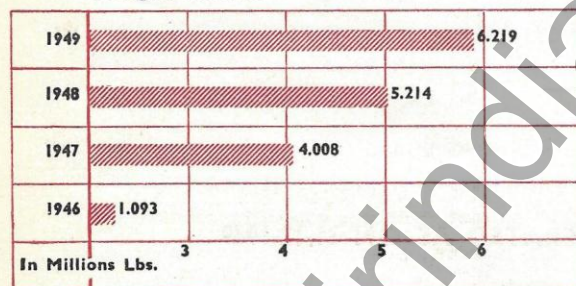
Capacity Ton-Miles Flown



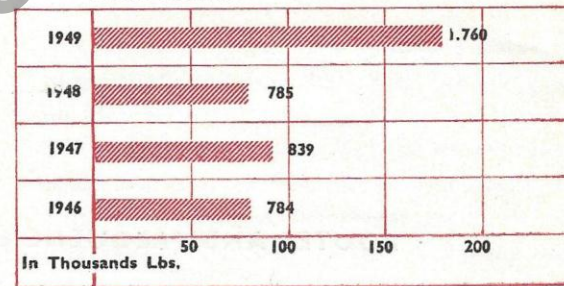
Passenger Miles Flown



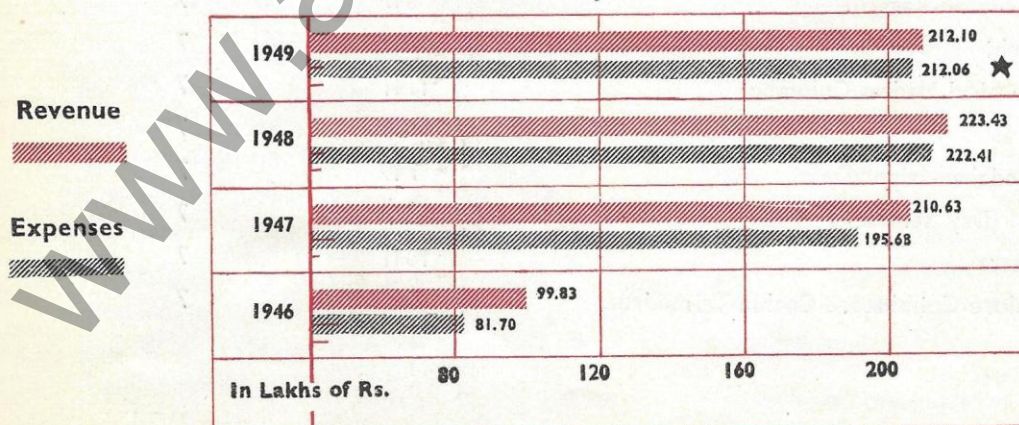
Freight Carried



Mails Carried



Total Revenue and Expenses



★ If Depreciation for 1949 had been provided at the Company's normal rates, the total expenses would have amounted to Rs. 22.673 millions.

AUDITORS' REPORT

TO THE SHAREHOLDERS OF AIR-INDIA, LIMITED.

We have audited the annexed Balance Sheet of AIR-INDIA, LIMITED, as at 31st December, 1949, and also the annexed Profit and Loss Account of the Company for the year ended on that date, from both of which, annas and pies have been eliminated, and report that,

- (a) we have obtained all the information and explanations which we have required ;
- (b) in our opinion the annexed Balance Sheet and Profit and Loss Account referred to in the report are drawn up in conformity with the Law ;
- (c) such Balance Sheet exhibits a true and correct view of the state of the Company's affairs, according to the best of our information and explanations given to us, and as shown by the books of the Company ; and
- (d) in our opinion books of account have been kept by the Company for the period under report as required by Section 130 of the Indian Companies Act, 1913.

A. F. FERGUSON & CO.,
Chartered Accountants,
Auditors.

Bombay, 16th August, 1950.

BALANCE SHEET AS AT

CAPITAL AND LIABILITIES	Rupees	Rupees	As at 31-12-1948 Rupees
CAPITAL :—			
AUTHORISED :—			
2,00,000 Ordinary Shares of Rs. 100/- each.....	2,00,00,000		2,00,00,000
3,00,000 Unclassified Shares of Rs. 100/- each.....	3,00,00,000		3,00,00,000
		5,00,00,000	5,00,00,000
ISSUED :—			
1,50,000 Ordinary Shares of Rs. 100/- each issued for payment in cash.....		1,50,00,000	1,50,00,000
SUBSCRIBED AND CALLED UP :—			
1,50,000 Ordinary Shares of Rs. 100/- each issued for payment in cash.....	1,50,00,000		1,50,00,000
Less—Calls in arrears.....	2,500		2,800
		1,49,97,500	1,49,97,200
RESERVE FUND :—			
As per last account.....	4,88,555		5,41,151
Add—Net profit on Capital Assets sold or scrapped (credited this year to Profit & Loss Account).....			1,47,404
Surplus over cost price on Capital Assets sold or scrapped.....	79,632	
	5,68,187		6,88,555
Less—Amount transferred to Dividend Reserve.....			2,00,000
		5,68,187	4,88,555
DIVIDEND RESERVE :—			
As per last account.....	3,25,000	
Less—Dividend for 1948.....	3,00,000	
	25,000	
Transferred from Reserve Fund.....			2,00,000
Transferred from Appropriation Account.....			1,25,000
		25,000	3,25,000
DEPRECIATION FUND :—			
As per last account.....	60,39,431		33,83,544
Add—Provision made this year.....	11,45,000		28,00,000
	71,84,431		61,83,544
Less—Adjustments on account of Capital Assets sold or scrapped.....	2,86,188		1,44,113
		68,98,243	60,39,431
PROVISION FOR TAXATION.....		5,55,000	5,55,000
PROVISION FOR LEAVE & PASSAGE :—			
As per last account.....	19,267		16,658
Add—Provision made this year.....			2,609
		19,267	19,267
PROVISION FOR BAD AND DOUBTFUL DEBTS :—			
As per last account.....	1,61,662		70,000
Less—Amount written off.....	2,068		338
	1,59,594		69,662
Add—Provision made this year.....			92,000
		1,59,594	1,61,662
Carried forward.		2,32,22,791	2,25,86,115

ANNUAL REPORT 1949

31st DECEMBER, 1949.

PROPERTY AND ASSETS	Rupees	Rupees	As at 31-12-1948 Rupees
GOODWILL AND INTANGIBLE ASSETS INCLUDING AIR MAIL CONTRACTS, ETC.		20,00,000	20,00,000
CAPITAL EXPENDITURE AT COST :—			
As per Schedule annexed. (Depreciation as per contra)		1,45,93,981	1,41,29,344
SPARE PARTS, CONSUMABLE STORES (including Cabin Service materials, etc.) AND TOOLS :— (At or under cost as per Inventories certified by the General Manager)		70,93,223	48,28,943
STORES-IN-TRANSIT		1,77,600	8,42,104
BOOK DEBTS (Unsecured) :—			
CONSIDERED GOOD:			
Due by Government Departments.	13,29,049		7,94,283
Sundry Debtors for Passages, Freight, Charter and Miscellaneous Receipts	20,47,563		35,83,327
Sundry Debtors for supplies.	63,350		3,80,864
	34,39,962		47,58,474
CONSIDERED DOUBTFUL:			
Due by Government and Others for Passages, Freight, Miscellaneous Receipts and Charters.	1,54,911		1,61,298
		35,94,873	49,19,772
LOANS :—			
Loan to Landlord for construction of quarters.		70,875
ADVANCES :—			
Loans to Staff.	27,254		27,424
Prepaid expenses including Insurance, Aircraft rentals, Travelling expenses, etc.	4,24,668		4,74,564
Sundry Deposits with Government Departments.	1,80,264		2,40,258
For purchase of Equipment and Stores.	57,35		62,255
		6,89,821	8,04,501
ADVANCE PAYMENT AGAINST TAXES.		4,75,500	4,75,500
INVESTMENT AT COST:—			
20,000 Ordinary Shares of Air-India International Ltd. of Rs. 100/- each fully paid (Market value being Rs. 13,00,000 at Rs. 65/- per share).		20,00,000	20,00,000
CASH AND BANK BALANCES :—			
Cash (including cheques) in hand.	2,44,769		2,52,951
Cash in Transit.	1,16,044		2,06,820
With Banks on Current Accounts.	7,25,720		8,52,177
Fixed Deposit with Bank.		5,000
In Current Account with Foreign Agents.	1,26,096		4,40,269
		12,12,629	17,57,217
Carried forward.		3,19,08,502	3,17,57,381

AIR-INDIA LIMITED

BALANCE SHEET AS AT

CAPITAL AND LIABILITIES			As at 31-12-1948 Rupees
	Rupees	Rupees	
Brought forward.		2,32,22,791	2,25,86,115
LOANS UNSECURED :—			
Tata Sons, Limited.....	10,00,000		10,00,000
Demand Cash Credit from Imperial Bank of India.....	43,99,529		20,33,629
Interest accrued on above.....	47,987		2,598
		54,47,516	30,36,227
UNCLAIMED DIVIDENDS.....		18,985	23,374
LIABILITIES :—			
For Goods supplied.....	5,53,164		13,59,178
For Expenses.....	5,06,404		14,25,081
For Secretaries & Treasurers' Commission.....			4,078
For Other Finance.....	17,02,380		27,42,515
		27,61,948	55,30,852
EMPLOYEES' DEPOSITS (as per contra).....		1,85,000	1,85,000
DEPOSITS FROM AGENTS AND OTHER PARTIES.....		93,840	89,254
ADVANCE PAYMENTS :—			
Premium from Apprentices.....	25,741		31,701
Passenger Receipts.....	4,02,276		5,22,894
		4,28,017	5,54,595
PROFIT AND LOSS ACCOUNT :—			
Balance as per Appropriation Account.....		27,605	24,064
Total.		3,21,85,702	3,20,29,481

As per our report annexed.

A. F. FERGUSON & CO.,
Chartered Accountants,
Auditors.

Bombay, 16th August, 1950.

ANNUAL REPORT 1949

31st DECEMBER, 1949.

PROPERTY AND ASSETS	Rupees	Rupees	As at 31-12-1948 Rupees
Brought forward.		3,19,08,502	3,17,57,381
ASSETS EARMARKED AGAINST EMPLOYEES' DEPOSITS :—			
Government Securities, etc. (Face Value).....	94,700		99,700
Fixed Deposit with Central Bank of India Ltd.....	90,300		85,300
		1,85,000	1,85,000
ASSETS EARMARKED AGAINST DEPOSITS FROM AGENTS AND OTHER PARTIES:—			
Government Securities (Face Value).....	12,000		12,000
Fixed Deposit with Central Bank of India Ltd.....	80,200		75,100
		92,200	87,100
Total.		3,21,85,702	3,20,29,481

TATA INDUSTRIES LIMITED, Secretaries & Treasurers,
G. V. BEWOOR
Director.

J. R. D. TATA
A. D. SHROFF
N. H. TATA
GAUTAM SARABHAI
J. D. CHOKSI
G. V. BEWOOR
NEVILLE N. WADIA
R. R. RUIA
S. N. BILGRAMI

Chairman.
Directors.

PROFIT AND LOSS ACCOUNT FOR THE

	Rupees	Rupees	For the year to 31-12-1948 Rupees
* Salaries and Wages.....	87,56,472		71,43,908
Less—Cost of labour capitalised on additions to Company's assets....	74,195		32,468
		86,82,277	71,11,440
Fuel & Oil.....		49,29,104	49,16,317
Operational Expenses including hangarage etc.....		8,47,904	9,17,749
* Maintenance and Engineering including stores consumed, consumption, wear and tear and obsolescence of spare parts and tools etc.....		23,54,156	30,15,436
Traffic Department Expenses.....		5,97,958	5,86,347
Passenger Service including food, hotel accommodation and transport..		5,68,296	7,80,557
Publicity and Advertising.....		53,745	81,532
* Office Expenses.....		3,43,493	3,62,591
* Miscellaneous Expenses.....		1,06,300	1,27,500
* Company's Contribution to Provident Fund.....		4,57,536	3,59,542
INSURANCE PREMIA :—			
On Aircraft.....	6,56,256		6,81,635
* For Aircrew and Ground Staff.....	1,35,923		1,15,780
For Legal Liability and Other Assets.....	2,03,530		1,64,188
		9,95,709	9,61,603
Directors' Fees.....		3,900	1,900
Auditors' Fees.....		10,000	10,000
Interest.....		1,11,234	35,697
Donation to Mahatma Gandhi Memorial Fund.....			75,000
Provision for Passage and Leave Funds.....			2,609
Provision for Bad and Doubtful debts.....			92,000
† Provision for Depreciation.....		11,45,000	28,00,000
Secretaries and Treasurers' Commission.....			4,078
Balance being Profit carried down to Appropriation Account.....		3,541	1,01,710
Total.		2,12,10,153	2,23,43,608

NOTE—

- * Subject to adjustment on finalisation of the allocation of expenses between Air-India Ltd. and Air-India International Ltd.
- † Depreciation at normal Company's rates amounts to Rs. 26,12,000 but owing to inadequacy of profits, Rs. 11,45,000/- have been provided.

APPROPRIATION ACCOUNT

	Rupees	Rupees	As at 31-12-1948 Rupees
Amount transferred to Dividend Reserve.....			1,25,000
Balance transferred to Balance Sheet.....		27,605	24,064
Total.		27,605	1,49,064

As per our report annexed.

A. F. FERGUSON & CO.,
Chartered Accountants,
Auditors.

Bombay, 16th August, 1950

AIR-INDIA LIMITED

SCHEDULE ATTACHED TO AND FORMING PART OF THE BALANCE SHEET AS AT 31ST DECEMBER, 1949.

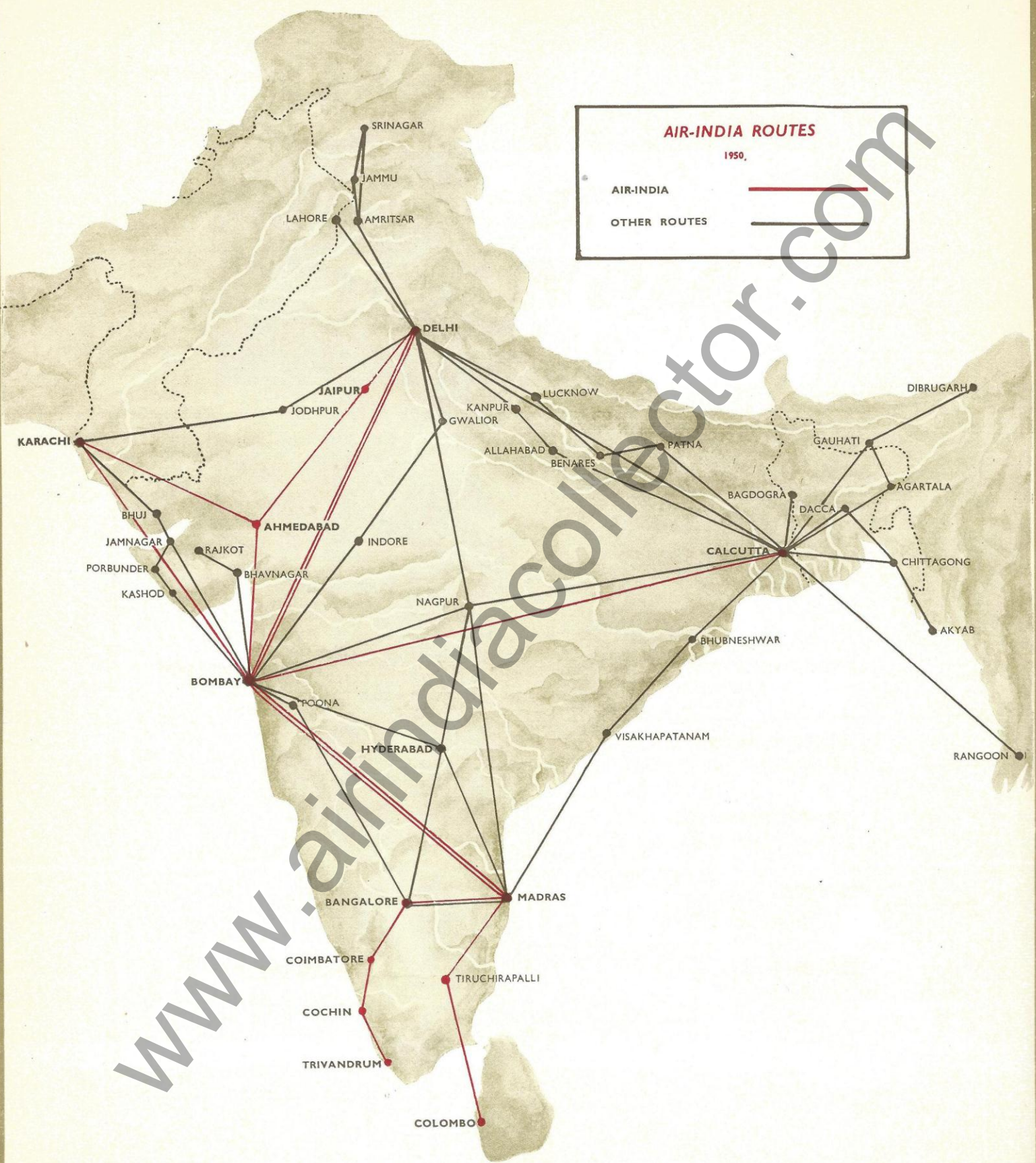
CAPITAL EXPENDITURE AS AT 31ST DECEMBER, 1949.

Assets	As per last Account at cost.	Additions during the year.	Deductions during the year.	Gross Block at cost as at 31st December, 1949.	As at 31-12-1948
	Rupees	Rupees	Rupees	Rupees	Rupees
Airframes and Aero Engines	97,60,175	4,04,947	8,00,914	93,64,208	97,60,175
Buildings	11,03,063	1,93,938	..	12,97,001	11,03,063
Vehicles	9,19,042	1,93,389	17,541	10,94,890	9,19,042
Workshop Equipment	9,07,437	1,62,800	..	10,70,237	9,07,437
Furniture and Fixtures	9,45,026	2,06,168	2,783	11,48,411	9,45,026
Electrical Fittings and Installations ..	4,94,601	1,24,633	..	6,19,234	4,94,601
Total	1,41,29,344	12,85,875	8,21,238	1,45,93,981	1,41,29,344

DISTRIBUTION OF REVENUE

Employees	43.1%	33.7%
Operational Expenses	31.9%	30.4%
Maintenance & Engineering	11.1%	13.5%
Depreciation	5.4%	12.5%
Traffic & Publicity	5.8%	6.5%
Administration	2.7%	3.0%
Dividend	1.3%	

1949
1948



www.airindiacollector.com