

**AI ASSETS HOLDING LIMITED**  
(Formerly Air India Assets Holding Limited)

CIN : U74999DL2018GOI328865

Regd. Office: Indian Airlines Building, 113, Gurudwara Rakabganj Road, New Delhi, Delhi - 110001

[www.aiahl.com](http://www.aiahl.com)

Phones: 011-23422000; Email: company.secretary@aiahl.in

Standalone Balance Sheet as at March 31, 2022

Particulars	(₹ In million)	
	As at March 31, 2022	As at March 31, 2021
	Audited	Audited
<b>I ASSETS :</b>		
1 <b>Non-current Assets</b>		
(i) Property, Plant and Equipment	0.04	-
(ii) Financial assets:		
a) Cash and Cash equivalents	-	-
b) Bank balances other than (a) above	2,079.26	-
c) Recoverable from Air India Limited/Govt. of India	-	2,17,549.51
d) Other Financial Assets	117.04	-
Total Non-Current Assets	2,196.34	2,17,549.51
2 <b>Current Assets</b>		
(i) Financial assets:		
a) Cash and Cash equivalents	16,823.19	40.33
b) Bank balances other than (a) above	437.03	5,662.63
c) Other Financial Assets	443.10	4.86
d) Air India Limited Reconciliation A/c	7,244.48	5,879.52
(ii) Current Tax Assets (Net)	279.40	121.92
(iii) Other Current Assets	234.67	7.84
Total Current Assets	25,461.87	11,717.35
3 Assets included in Disposal group held-for-sale	1,36,788.83	-
<b>Total Assets</b>	<b>1,64,447.04</b>	<b>2,29,266.86</b>
<b>II EQUITY AND LIABILITIES :</b>		
1 <b>Equity</b>		
a) Equity Share Capital	6,23,654.50	0.50
b) Other Equity	-8,797.50	1,777.17
c) Fund transferred to the then AIL over and above assets/liabilities received	6,14,857.00	1,777.67
Total Equity	-6,77,518.25	-
2 Share Application Money Pending Allotment	-62,661.25	1,777.67
3 <b>Liabilities :</b>		
(i) <b>Non-current Liabilities</b>		
a) <b>Financial Liabilities</b>		
i) Borrowings	1,49,850.00	2,19,850.00
ii) Other Financial Liabilities	-	-
b) Provisions	-	-
Total Non-Current Liabilities	1,49,850.00	2,19,850.00
(ii) <b>Current Liabilities</b>		
a) <b>Financial Liabilities</b>		
i) Borrowings	70,000.00	-
ii) Trade Payables	-	-
(a) Total outstanding, dues of micro and small enterprises	-	-
(b) Total outstanding, dues of creditors other	0.97	1.16
iii) Other Financial Liabilities	5,576.20	5,185.72
b) Provisions	1.81	0.44
c) Unspent Grant-in-Aid from GOI	450.00	2,451.40
d) Other Current Liabilities	1.32	0.47
Total Current Liabilities	76,030.30	7,639.19
4 Liabilities against assets included in disposal group held for sale	1,227.99	-
<b>Total Equity &amp; Liabilities</b>	<b>1,64,447.04</b>	<b>2,29,266.86</b>

By order of the Board



(Vikram Dev Dutt)  
Chairman & Managing Director

DIN : 02055541

Place: Delhi  
Date: 10.02.2023

**AI ASSETS HOLDING LIMITED**  
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Statement of Financial Results for the quarter and year ended 31st March, 2022

Particulars	Quarter Ended		Year Ended	
	March 31, 2022	December 31, 2021	March 31, 2022	March 31, 2021
	Audited	Unaudited	Audited	Audited
I Revenue from Operations	-	-	-	-
II Other Income :	-	-	-	-
Rent from properties held for sale	204.11	231.11	838.67	1,252.49
Other Misc Income	6,040.86	2,013.39	19,102.70	22,115.71
III Total Income (I + II)	6,244.97	2,244.50	19,941.37	23,368.20
IV Expenses:	-	-	-	-
Employee Benefit Expenses	2.90	0.95	5.49	3.31
Finance Cost	13,223.89	5,780.30	30,316.17	22,651.06
Depreciation & Amortization	0.001	-	0.001	-
Other Expenses	72.18	82.70	194.38	86.61
V Total Expenses	13,298.98	5,863.95	30,516.04	22,740.98
VI Profit Before exceptional Items and Tax (III-IV)	-7,054.01	-3,619.46	-10,574.67	627.22
VII Exceptional Items	-	-	-	-
VI Profit Before Tax (III-V)	-7,054.01	-3,619.46	-10,574.67	627.22
VII Tax Expense	-	-	-	-
1. Current Tax	-26.00	-	-	169.16
2. Short/ (Excess) Provision of Tax	-	-	-	21.10
3. Deferred Tax Liability / (asset)	-	-	-	-
VIII Profit/(loss) For the Year (IX-X)	-7,028.01	-3,619.46	-10,574.67	436.96
XI Other Comprehensive Income	-	-	-	-
Total Other Comprehensive Income	-	-	-	-
X Total Comprehensive Income for the period/year	-7,028.01	-3,619.46	-10,574.67	436.96
XI Earning per Equity Share of Rs. 10 each	-	-	-	-
Basic (Rs.)	(0.40)	(0.08)	(0.60)	8,739.20
Diluted (Rs.)	(0.40)	(0.94)	(0.60)	8,739.20



By order of the Board

*(Signature)*  
(Vikram Dev Dutt)  
Chairman & Managing Director  
DIN : 02055541

Place: New Delhi  
Date: 10.02.2023

**AI ASSETS HOLDING LIMITED**  
(Formerly Air India Assets Holding Limited)  
CIN : U74999DL2018GOI328865

Standalone Statement of Profit and Loss for the year ended March 31, 2022

		(₹ in million)	
Particulars	Note No.	2021-22	2020-21
I Revenue from Operations		-	-
II Other Income :			
Rent from properties held for sale	18	838.67	1,252.49
Other Misc. Income	18.1	19,102.70	22,115.71
III Total Income (I + II )		19,941.37	23,368.20
IV Expenses:			
Employee Benefit Expenses	19	5.49	3.31
Finance Cost	20	30,316.17	22,651.06
Depreciation & Amortization	2	0.001	-
Other Expenses	21	194.38	86.61
V Total Expenses		30,516.04	22,740.98
VI Profit/ (Loss) before exceptional items and Tax (III-V)		(10,574.67)	627.22
VII Exceptional Items		-	-
VIII Profit/ (Loss) before Tax (VI-VII)		(10,574.67)	627.22
IX Tax Expense			
1. Current Tax		-	169.16
2. Short/ (Excess) Provision of Tax		-	21.10
3. Deferred Tax Liability / (asset)		-	-
X Profit/ (Loss) for the Year (VIII-IX)		(10,574.67)	436.96
XI Other Comprehensive Income		-	-
Total Other Comprehensive Income		-	-
XI Total Comprehensive Income for the year		(10,574.67)	436.96
XIII Earning per Equity Share of Rs. 10 each	38		
Basic (Rs.)		(0.60)	8,739.20
Diluted (Rs.)		(0.60)	8,739.20



By order of the Board

*(Signature)*  
(Vikram Dev Dutt)  
Chairman & Managing Director  
DIN : 02055541

Place: Delhi  
Date: 10.02.2023





## ***Independent Auditor's Report***

To the Members of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*)

(CIN: U74999DL2018GO1328865)

### **Report on the Audit of the Standalone Ind AS Financial Statements**

#### **1. Opinion**

We have audited the accompanying standalone Ind AS financial statements of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) ("the Company"), which comprise the Balance Sheet as at 31st March, 2022, and the statement of profit & loss, the statement of changes in equity, statement of cash flows for the year then ended, and notes to the standalone Ind AS financial statements, including a summary of significant accounting policies and other explanatory information (*hereinafter referred to as the standalone Ind AS financial statements*).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2022, and its loss, the changes in equity and its cash flows for the year ended on that date.

#### **2. Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone Ind AS financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **3. Information other than the financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.





In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information, if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action, if required. We have nothing to report in this regard.

#### **4. Emphasis of Matter**

We draw your attention to: -

- (i) Note no. 23 a) & 24.i of the standalone Ind AS financial statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts) and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,54,431.33 million and difference of Rs.6,77,518.25 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.
- (ii) Note no. 23.c.III of the standalone Ind AS financial statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets are still with the AIL held in trust on behalf of the company and dues against taxes/ state levy have not been provided for. Further, the above immovable properties includes cost of one flat at 6B, Shriram Apartments, Middleton Street, Kolkata for Rs.10.09 million, which was sold by the then AIL before the date of disinvestment, but its cost was transferred to the company through debit notes. The company had relied on the debit notes/ credit notes for recording of assets/liabilities transferred from AIL, with the exception to above wherein this immovable property transferred reversed by the company on the basis of documents shared by AIL, without corresponding credit note from AIL.
- (iii) Note no. 23.III.a.ii of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as "Assets included in disposal group held for sale". However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell.
- (iv) Note nos. 9, 17 and 25.v of the standalone Ind AS financial statement regarding certain movable and immovable assets transferred by the then AIL classified under "Assets included in disposal group held for sale" for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.
- (v) Note no 44.i of the standalone Ind AS financial statement regarding Rs.6,839.24 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed only Rs.9.36 million only as payable to the company, and differential amount of Rs.6,829.88 million has been either charged by the then AIL as expenses or not acknowledged by the AIL as payable to the company.





- (vi) Note no 29 and 23.c.II of the standalone Ind AS financial statement regarding charging interest of Rs.916.05 million at the rate of 9% p.a. on old outstanding recoverable amount of Rs.49,839.76 million from the subsidiaries transferred from the then AIL to the company. Since, the company was not able to repay the outstanding recoverable in past to then AIL hence the same have been transferred to the company and in spite of the fact that the net worth of these subsidiaries (except AIASL) have already been eroded, the company has charged interest (from the date of transfer of shares of the subsidiaries to 31st March, 2022) from these subsidiaries. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company against GST and Income tax liabilities on such notional income (if the subsidiaries are not able to repay).
- (vii) Note no 29 of the standalone Ind AS financial statement regarding interest charged by the company in contrary to the requirement of the section 186(7) of the Companies Act, 2013. The company had charged only @ 1% per annum on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security.
- (viii) Note no 23.c.II, 25.ix and 26 of the standalone Ind AS financial statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.41 million and outstanding recoverable amounting to Rs.49,839.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL) has been eroded completely.
- (ix) Note no 44.ii of the standalone Ind AS financial statement regarding difference of Rs.1.34 million in balances between AIASL and the company as at 31<sup>st</sup> March, 2022, on account of short provision of interest by AIASL on outstanding recoverable transferred by then AIL to the company. We report that to that extent, the accounts are unreconciled between the company and AIASL.
- (x) Note 17 of the standalone Ind AS financial statements, the company has classified Rs.1,227.99 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.
- (xi) Note 22.I.iv of the standalone Ind AS financial statements regarding non provision of Rs. 0.45 million as firm liability as against shown as contingent liability towards demand received from BSE for delay in submission of half yearly/quarterly returns.
- (xii) Note 25.viii of standalone Ind AS financial statements regarding GST ITC of Rs.226.48 million against assets located in those states where the company was not registered under GST act through invoices issued to the company at company's Delhi GSTIN. The company has availed GST ITC on those invoices, whereas on the GST portal the amount appearing as ineligible ITC.
- (xiii) Note 23.c.III.c.iv of the standalone Ind AS financial statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.
- (xiv) Note 44 of the standalone Ind AS financial statements regarding recovery/adjustment made by AIL from the company amounting to Rs.2,244.48 million towards interest on identified debts for the period prior to 1<sup>st</sup> October 2018 in two parts Rs.955.91 million as interest in AIL recoverable account and Rs.1,288.57 in AIL settlement account for which the company has no mandate for payment of interest for this period & not accounted for in company books.

**Our opinion is not modified in respect of above matters.**



## 5. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the standalone Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
1	<p><b>Transactions relating to disinvestment of Air India Limited</b> (refer note no 23 to the standalone Ind AS financial statements)</p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements: -</p>	<p>We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.</p> <p>We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.</p>
2.	<p><b>Recognition of revenue and expenditure</b> (refer note no 27 to the standalone Ind AS financial statements)</p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances</p>	





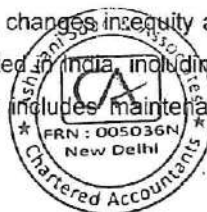
	of such assets in the financial statements -	
	<p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL w.r.t to such income and expenses as the necessary evidences in the form of supporting bills and the vouchers are not in the possession of the company. Thereby, company had relied on the transactional details provided w.r.t said transactions by Air India Limited and accordingly accounted for in the books of accounts of the Company.</p> <p>The onus of compliance of the statutory provisions to above transactions under various statutes such as withholding of tax/ TDS under Income Tax Act, 1961 and discharge of liabilities under Goods &amp; Service Tax lies with AIL, as such we are not able to comment on such statutory compliances.</p>
3	<b>Independent Director under Companies Act, 2013</b> <i>(refer Note 41 to the standalone Ind AS financial statements)</i>	
	Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange	In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on stock exchange.
4	Total Grant in aid received from Govt. of India of Rs.13,780 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and for serving interest on identified debt of AIL of Rs.74,000 million as described in note no 24 of the financial statements.	
	<p>Transfer of Identified debts from Air India Limited to company:</p> <p>GOI Grant in aid of Rs.13,780 million towards servicing of interest on the identified debts and treatment of receipts of grant and its utilization in</p>	<p>The note no 24 of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the</p>



	the financial statements	<p>Government of India and Board of Directors of both the companies.</p> <p>The Budgetary support / grant received during the year is accounted as "other income" aggregating to Rs.13,780.00 million to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses, surveillance fees and credit rating agency expenses for servicing of the Identified debts).</p>
5	<p><i>Sub para 3 of para 3 "Undertaking" of Restated Framework Agreement dated 05.01.2022 executed between AIL and the Company stipulates that "notwithstanding anything to the contrary contained in this agreement, in case of any inconsistency between the provision of this agreement (or any agreement executed pursuant to this agreement) and the provisions of the SPA, the provisions in the SPA shall override and prevail over such inconsistent provisions as contained in this agreement ) or any agreements executed pursuant to this agreement)</i></p>	<p>Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and then AIL for all the transactions made between AIL and the Company.</p>
6	<p>An amount of Rs.5,891.10 million withheld by AIL against security deposit stated to have been forfeited by the lessors against termination of the SLB of 21 B787 aircraft along with payment to be made by AIL for amounting to Rs.528.20 million towards JDC arrears payment withheld by AIL. Since, there was no actual cash outflow on such forfeited security deposit and on account of recoveries of flying and other allowances out of JDC arrears, however, the then AIL has adjusted said amounts by showing utilization against such security deposit and JDC arrears payment in their utilization statement submitted to the company.</p>	<p>We have relied on the utilized certificate shared by the then AIL and letter number dt 8<sup>th</sup> August 2022, wherein it is mentioned that against these payments, there was no actual cash outflow.</p>

#### **6. Management responsibility for the standalone Ind AS financial statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate





accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

## **7. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.





Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **8. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the 'Annexure A', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit read with matters as reported in "Emphasis of Matter" and "Key Audit Matters" paragraph above.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) Disqualification of Directors stated in section 164(2) of the Act is not applicable to Government Company as per notification no. GSR 463E of the Ministry of Corporate Affairs, Government of India dated 05.06.2015.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'. Our report expresses an unmodified opinion on the adequacy of and operating effectiveness of the company's internal financial controls over financial reporting.



- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification no. G.S.R. 463 (E) dated 5<sup>th</sup> June 2015 provisions of section 197 of the act are not applicable to the company.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- The Company has does not have any pending litigations which would impact its financial position.
  - The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of it's knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- No dividend have been declared or paid during the year by the company.
  - We are enclosing our report in terms of section 143 (5) of the Act, on the directions/ sub directions issued by the Comptroller and Auditor General of India, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us in Annexure – "C".

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N



Ashwani Sood  
Partner  
M. No. 084242  
UDIN: 22084242BCLLNT1090

Place: New Delhi  
Date : 3<sup>rd</sup> November, 2022

The Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the IND AS standalone financial statements of the company for the year ended 31<sup>st</sup> March 2022:

**Re. AI Assets Holding Limited (the "Company")**

- (i) (a) (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. For "Assets included in disposable group held for sale", the erstwhile AIL had transferred identified immovable and movable properties to the Company as per the framework and restated framework agreement executed between AIL and the Company, and these assets were transferred without physical handover and takeover and without transferring the ownership of the assets, and no fixed assets register w.r.t "Assets included in disposable group held for sale" was made available for our verification. (refer note no. 23.c.III.a of the standalone Ind AS financial statements).

(B) According to the information and explanation give to us, the Company doesn't have any intangible assets.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For "Assets included in disposable group held for sale" for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no physical verification for these assets was carried out at the reporting date. (refer note 23.c.III.a of the financial statements)

- (c) According to the information and explanations given to us as the "Assets included in disposal group held-for-sale" disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022 (refer note 23.c.III.a.i & 47.b of the standalone Ind AS financial statements). As per information and explanation given to us, we report that, that the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under "Assets included in disposal group held-for-sale" were not held in the name of the company, (refer note 47.b of the standalone Ind AS financial statements), the details of such properties is given below:

Sr. No.	Description of a property	Gross carrying value (in Rs million)	Held in the name of	Whether promoter, director or their relative or employee	Period held: indicate a range, where appropriate	Reason for not being held in the name of company*	Remark
1	Freehold	3,927.19	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. — 23.III of Standalone Ind AS Financial Statements	-





2	Other than Freehold	68,795.60	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. – 23.III of Standalone Ind AS Financial Statements	-
3	Other Structures	3,316.49	Air India Limited	No.	31 <sup>st</sup> March, 2022	Refer Note No. – 23.III of Standalone Ind AS Financial Statements	-

\*Since, we were not made available the title deeds of immovable properties, hence we are unable to comment on the period for which the properties were held.

- (d) The company had not revalued any of its Property, Plant and Equipment's (including "Assets included in disposable group held for sale") during the year.
- (e) No proceedings have been initiated during the year or are pending against the Company as at 31<sup>st</sup> March, 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.
- (ii) (a) The Company has not carried any inventory as on 31<sup>st</sup> March, 2022 as defined under Indian Accounting Standard (Ind AS 2) – Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the of the order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limit during any point of time of the year from banks or financial institutions. Accordingly, the provision of clause 3 (ii) (b) of the Order is not applicable to the Company.
- (iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company has provided loans or advances in the nature of loans, or stood guarantee, or provided security to other entities, (refer note no 22.II of the standalone Ind AS financial statements.)

(A)

Particulars		(Amount in Rs. )
Aggregate amount granted/provided during the year		
- Subsidiary	Corporate Guarantees	Rs.3,456.14 million
- Subsidiary	SBLC	Rs.1,443.85 million
- Subsidiary	BG	Rs.537.37 million
- Subsidiary	Advance in the nature of Loan	Rs.562.50 million
Balance outstanding as at balance sheet date in respect of above cases		Rs.562.50 million



(B) The company has not given any loans or advances in the nature of loans to other than subsidiaries, therefore reporting under clauses (iii) (a) (B) of paragraph 3 of the said order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are prima facie not prejudicial to the company's interest except loan in the nature of advance of Rs.562.50 million given to one of its subsidiary at interest @ 1% p.a. (refer note no 29 of the standalone Ind AS financial statements.)

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans and advance in the nature of loan given, for Rs.562.50 million given to one of its subsidiary, there is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest, hence we are able to comment as whether the repayments or receipts are regular.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, since there are no term & conditions of such arrangement and it doesn't not stipulate any repayment schedule, hence we are unable to comment whether the amount is overdue or not.

(e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over-dues of existing loans given to the same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted loans or advances in the nature of loans repayable on demand or without specifying any terms or period of repayment for which details are as under (refer note no 47 (a), 33B(i), 29 and 23(c)(II) of the standalone Ind AS financial statements.)

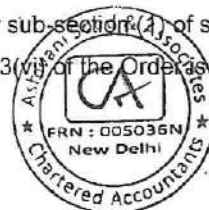
Advances to subsidiaries amounting to Rs 51,327.18 million (including transferred from the then ALL amounting to Rs.49,839.76 million) classified as "Assets included in disposal group held for sale.

- Aggregate amount of loans or advances of above nature given during the year is Rs.51,327.18 million (including accrued for Rs.916.05 million)
- Percentage thereof to the total loans granted is 100%.
- Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Nil.

(iv) According to the information and explanations given to us and on the basis of our examination of the records, the company has given advance in the nature of loan to one of its subsidiary (refer note no 29 of the standalone Ind AS financial statements) on which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186(7) of the Companies Act, 2013.

(v) According to information and explanation give to us, the company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the act and the relevant rules framed thereunder. According, the provisions of paragraph 3(v) of the Order is not applicable to the Company.

(vi) In our opinion and according to the information and explanation give to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(vi) of the Order is not applicable to the Company.





- (vii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, TDS and any other statutory dues to the extent applicable to the appropriate authorities.

According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2022 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the provisions of paragraph 3 (vii) (b) of the order is not applicable to the Company.
- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not surrendered or disclosed any transactions as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the provision of clause 3 (viii) of the Order is not applicable to the Company.
- (ix) (a) According to the information and explanations given to us and based on the examination of the records of the Company, the provision of clause 3 (ix) (a) of the order is not applicable.

(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority or any other lender.

(c) According to the information and explanations given to us and procedures performed by us, by the management, the Company has not raised any term loan during the period. Accordingly, clause 3 (ix) (c) of the Order is not applicable to the Company.

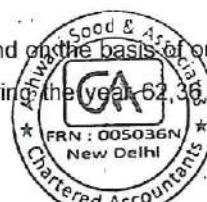
(d) According to the information and explanations given to us and procedures performed by us and on an overall examination of the financial statements of the Company, the provision of clause 3 (ix) (d) of the Order is not applicable to the Company.

(e) In our opinion and according to the information and explanations given by the management, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, clause 3(ix)(e) is not applicable to the Company.

(f) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. Accordingly, clause 3 (ix) (f) is not applicable to the Company.

(x)

- (a) The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3 (x) (a) of paragraph 3 of the order is not applicable.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has issued during the year 62,36,54,00,000 no. of






equity shares of Rs. 10 each to the Government of India for amounting to Rs. ₹ 6,23,654.00 million and such fund has been utilized for the purpose for which such fund has been raised and all the provisions of the Companies act have been complied with. (Refer to note 10 and 23.b.II of the standalone Ind AS financial statements.)

- (xi) (a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practice in India, and according to the information and explanations given to us, no fraud by the Company and on the Company has been noticed or reported during the year.
- (b) No report on any matter under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.
- (xii) In our opinion, the company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) (a), 3 (xii) (b) and 3 (xii) (c) of the Order is not applicable.
- (xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and all the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable Ind AS. (refer note no. 33 of the standalone Ind AS financial statements).
- (xiv) (a) According to the information and explanation given to us and on the basis of examination of the records, the company has an internal audit system commensurate with the size and nature of its business which should however be further strengthened.
- (b) We have considered, the internal audit reports for the year under audit, issued to the Company.
- (xv) According to the information and explanation given to us and on the basis of examination of the records, the company has not entered into any non-cash transactions within the meaning of section 192 of the Companies Act, 2013, with directors or persons connected with them. Accordingly, the provision of clause 3 (xv) of the order is not applicable to the Company.
- (xvi) (a) In our Opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (a to c) of the Order is not applicable to the Company.
- (d) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India, as part of the group. Accordingly, the provision of clause 3 (xvii) (b) of the Order are not applicable to the Company.



- (xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has incurred cash losses of Rs.10,574.67 million in current financial year & no cash losses are found incurred in the immediately preceding financial year.
- (xviii) According to the information and explanations given to us, there is no resignation of the statutory auditors during the year in the Company. Accordingly, clause 3 (xviii) of the Order is not applicable to the Company.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us and base on our examination of the records of the Company, section 135 of the Companies Act, 2013 is not applicable on the Company. Accordingly, the provision of clause 3 (xx) of the Order is not applicable to the company .

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N  
  
(Ashwani Sood)  
Partner  
M. No. 084242  
UDIN:22084242BCLLNT1090

Place: New Delhi  
Date : 3<sup>rd</sup> November,2022



**Report on Internal Financial Controls Over Financial Reporting****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) ("the Company") as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**1. Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**2. Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

**3. Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over





financial reporting includes those policies and procedures that


1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **4. Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **5. Opinion**

The company has appointed independent firm of chartered accountant for the evaluation of Internal Financial Controls Over Financial Reporting, and as per our opinion on the same, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N  
  
Ashwani Sood)  
Partner  
M. No. 084242  
UDIN: :22084242B CLLNT1090

Place: New Delhi  
Date : 03<sup>rd</sup> November, 2022

**Annexure – C to the Independent Auditor's Report**

Sl. No.	Directions under Section 143(5) of the Companies Act, 2013	Auditor's Comments
1.	Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transaction outside IT system on the integrity of the accounts along with the financial implications, if any may be stated.	The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software., the job of which is outsourced to a professional firm, however, all transactions so entered in Tally are cross checked by the staff of company
2.	Whether there is any restructuring of any existing loan or cases of waiver/ write off of debts/loans/interest etc. made by lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated.	There is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by the lender to the Company due to the Company's inability to repay the loan.
3.	Whether funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized as per its terms and conditions? List the case of deviation.	Yes, funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized for the purpose it was intended for, Further, the company had received Rs.450 million towards medical expenses for eligible employees of ALL, the company had paid Rs.391.18 million to CGHS as annual subscription for the financial year 2022-23, against this, balance grant of Rs.58.82 million was remain unspent till 31 <sup>st</sup> March, 2022.

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N



*(Signature)*  
(Ashwani Sood)  
Partner  
M. No. 084242  
UDIN: :22084242BCLLNT1090

Place: New Delhi  
Date : 03<sup>rd</sup> November, 2022



## COMPLIANCE CERTIFICATE

We have conducted our audit of accounts of **M/s AI Assets Holding Limited (formerly Air India Assets Holding Limited)** for the year ending 31st March, 2022 in accordance with the Directions/ Sub Directions issued by C&AG of India u/s 143(5) of the Companies Act, 2003 and certify that we have complied with all the Directions/ Sub Directions issued to us.

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N



(AshwaniSood)  
Partner  
M. No. 084242

UDIN: :22084242BCLLNT1090

Place: New Delhi  
Date : 03<sup>rd</sup> November,2022

<b>AI Assets Holding Limited</b> <b>(Formerly known as Air India Assets Holding Limited)</b> <b>CIN - U74999DL2018GOI328865</b> <b>Regd. Office: Indian Airlines Bldg, 113, Gurudwara Rakabganj Road</b> <b>New Delhi, Delhi - 110 001</b> <b>www.aiahl.in</b> <b>Phones: 011-23422000; Email: company.secretary@aiahl.in</b> <b>Audited Consolidated Financial Results for the year ended March, 2022</b> <b>(₹ In million except EPS)</b>	
Particulars	Year ended March 31, 2022 (in millions)
	<b>Audited</b>
1 Total Income from Operations	-
2 Net Profit / (Loss) for the period (before Tax, Exceptional items)	(11,489.38)
3 Net Profit / (Loss) for the period before Tax (after Exceptional items)	(11,489.38)
4 Net Profit / (Loss) for the period after Tax (after Exceptional items)	(11,489.38)
5 Total Comprehensive Income for the period [Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income (after tax)]	307.84
6 Paid-up equity share capital (Face value of Rs. 10 each)	6,23,654.50
7 Other equity	(7,41,817.89)
8 Net Worth (6+7)	(1,18,163.39)
9 Paid up Debt Capital /Outstanding Debt	2,19,850.00
10 Debt Equity Ratio (9/8)	(1.86)
11 Earnings Per Share – not annualised (EPS)	
Basic Earnings Per Equity Share (Rs.)	(0.66)
Diluted Earnings Per Equity Share (Rs.)	(0.66)
12 Debenture Redemption Reserve (refer note no.4 below)	-
13 Debt Service Coverage Ratio (DSCR) 1	0.08
14 Interest Service Coverage Ratio (ISCR) 2	0.62

1 DSCR = Profit before finance costs and tax / (Interest expenses + Principal of long term loan repayment).

2 ISCR = Profit before finance costs and tax / Interest expenses.

**Notes to audited consolidated financial results**

- These Financial results have been prepared in accordance with recognition and measurement principles of Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Companies Act, 2013 (the "Act") read with the relevant rules issued thereunder and the other accounting principles generally accepted in India.
- The financial results have been prepared in accordance with the requirement of Regulation 52 of the SEBI (Listing and Other Disclosure Requirements) Regulation, 2015, as amended.
- The Audit Committee has reviewed the financial results and the same have been subsequently approved by the Board of Directors at their respective meetings held on 10.02.2023.
- Debenture Redemption Reserve not applicable to debt listed entities in terms of Rule 18(7) of Companies (Share Capital and Debentures) Rules 2014 as amended, hence no DRR created by the Company. The NCD's are assured for repayment by the Govt. of India.
- This is the First year of consolidation. Hence previous period figures shall not be applicable.
- The financial information relating to year ended March 31, 2022 are reviewed by the Audit Committee and approved by the Board of Directors of the Company.
- Additional disclosure as per clause 52(4) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015:

Particulars	Year ended March 31, 2022 (in millions)
	<b>Audited</b>
Current Ratio	0.33
[Current Assets/Current Liabilities]	
Long Term Debt to Working Capital	-2.96
[(Non-Current Borrowings + Current Maturities of Non-Current Borrowings)/(Current Assets - Current Liabilities excluding Current Maturities of Non-Current Borrowings)]	
Current Liability Ratio	0.27
[Current Liabilities /Total liabilities]	
Total Debt to Total Assets	1.37
[(Non - Current Borrowings + Current Borrowings)/Total Assets]	
Debtors Turnover	N.A.
[Average Trade Receivable for the period/Revenue from Operations (excluding other operating revenue for the period) * No of days in period]	
Inventory Turnover	N.A.
[Average inventory/Fuel, Oil and Water cost for the period * No of days in period]	
Operating Margin (%)	N.A.
[Profit/(Loss) before Depreciation and amortisation expenses, Interest, Tax, less other Income/Revenue from Operations]	
Net Profit Margin (%)	-80.39%
[Profit/(Loss) after tax/Total Income]	



By order of the Board

*[Signature]*

(Vikram Dev Dutt)  
Chairman & Managing Director  
DIN : 02055541

Place: New Delhi  
Date: 10.02.2023



**AI ASSETS HOLDING LIMITED**  
(Formerly Air India Assets Holding Limited)  
CIN : U74999DL2018GOI328865

Consolidated Balance Sheet as at March 31, 2022

		(₹ in million)
Particulars	Note No.	As at March 31, 2022
<b>I ASSETS :</b>		
1 <u>Non-current Assets</u>		
(i) Property, Plant and Equipment	2	0.04
(ii) Financial assets:		
a) Cash and Cash equivalents	7	-
b) Bank balances other than (a) above	8	2,079.26
c) Recoverable from Air India Limited/Govt. of India	3	-
d) Other Financial Assets	4	117.04
Total Non-Current Assets		2,196.34
2 <u>Current Assets</u>		
(i) Financial assets:		
a) Cash and Cash equivalents	7	16,823.19
b) Bank balances other than (a) above	8	437.03
c) Other Financial Assets	4	443.10
d) Air India Limited Reconciliation A/c	3	7,244.48
(ii) Current Tax Assets (Net)	5	279.40
(iii) Other Current Assets	6	234.67
Total Current Assets		25,461.87
3 Assets included in disposal group held-for-sale	9	1,32,450.18
<b>Total Assets</b>		<b>1,60,108.39</b>
<b>II EQUITY AND LIABILITIES :</b>		
1 <u>Equity</u>		
a) Equity Share Capital	10	6,23,654.50
b) Other Equity	11	-84,299.64
c) Fund transferred to the then AIL over and above assets/liabilities received	3	5,59,354.66
Total Equity		-6,77,518.25
		-1,18,163.39
2 <u>Liabilities :</u>		
(i) <u>Non-current Liabilities</u>		
a) <u>Financial Liabilities</u>		
i) Borrowings	12	1,49,850.00
ii) Other Financial Liabilities	13	-
b) Provisions	15	-
Total Non-Current Liabilities		1,49,850.00
(ii) <u>Current Liabilities</u>		
a) <u>Financial Liabilities</u>		
i) Borrowings	12	70,000.00
ii) Trade Payables	14	-
(a) Total outstanding, dues of micro and small enterprises		-
(b) Total outstanding, dues of creditors other than micro and small enterprises		0.97
iii) Other Financial Liabilities	13	5,576.20
b) Provisions	15	1.81
c) Unspent Grant-in-Aid from GOI	16	450.00
d) Other Current Liabilities	16	1.32
Total Current Liabilities		76,030.30
3 Liabilities against assets included in disposal group held for sale	17	52,391.48
<b>Total Equity &amp; Liabilities</b>		<b>1,60,108.39</b>

Place: New Delhi  
Date: 10.02.2023



By order of the Board

(Vikram Dev Dutt)  
Chairman & Managing Director  
DIN : 02055541

**AI ASSETS HOLDING LIMITED**  
(Formerly Air India Assets Holding Limited)  
CIN : U74999DL2018GOI328865

**Consolidated Statement of Profit and Loss for the year ended March 31, 2022**

		(₹ In million)
Particulars	Note No.	2021-22
I Revenue from Operations		
II Other Income :		
Rent from properties held for sale	18	638.67
Other Misc. Income	18.1	18,167.99
III Total Income (I + II)		19,026.66
IV Expenses:		
Employee Benefit Expenses	19	5.49
Finance Cost	20	30,316.17
Depreciation & Amortization	2	0.001
Other Expenses	21	194.38
V Total Expenses		30,516.04
VI Profit/(Loss) before exceptional items and Tax (III-V)		(11,489.38)
VII Exceptional Items		-
VIII Profit/(Loss) before Tax (VI-VII)		(11,489.38)
IX Tax Expense		
1. Current Tax		-
2. Short/ (Excess) Provision of Tax		-
3. Deferred Tax Liability / (asset)		-
X Profit/(Loss) for the Year (VIII-IX)		(11,489.38)
Profit/(Loss) from the entity included in disposal group held for sale	21A	584.62
Tax expense of entities included in disposal group held for sale	21A	(3,239.00)
Profit/(Loss) from the entity included in disposal group held for sale (after tax)	21A	3,823.62
Profit/(Loss) for the year after tax		(7,665.76)
XI Other Comprehensive Income		
Other comprehensive income from discontinued operations	21A	307.84
Total Other Comprehensive Income		307.84
XI Total Comprehensive Income/(loss) for the year		(7,357.92)
XIII Earning per Equity Share of Rs. 10 each	43	
From continuing operations		
Basic		(0.66)
Diluted		(0.66)
From discontinuing operations		
Basic		0.22
Diluted		0.22
From continuing and discontinuing operations		
Basic		(0.44)
Diluted		(0.44)

Place: New Delhi  
Date: 10.02.2023



By order of the Board

*[Signature]*

(Vikram Dev Dutt)

Chairman & Managing Director

DIN : 02055541



# AI ASSETS HOLDING LIMITED

(Formerly Air India Assets Holding Limited)

CIN : U74999DL2018GOJ328865

## Consolidated Cash Flow Statement for the year ended March 31, 2022

Particulars	(₹ in million)
<b>A Cash Flow From Operating Activities</b>	<b>2021-22</b>
Net Profit / (Loss) Before tax	-11,489.38
Adjustments for:	
Depreciation / Amortisation	0.001
Finance Cost	30,316.17
Interest Income	1,287.19
Other adjustments *	-914.71
Loss/ Gain on Disposal of Assets & Others	
Operating profit before working capital changes	18,454.31
(Increase) / Decrease in Trade Receivables	-
(Increase) / Decrease in Other Current & Non Current Assets	-1,41,172.64
Increase / (Decrease) in Trade Payables	-0.19
Increase / (Decrease) in other Current & Non current Liability	-380.71
Cash Generated from Operations	-1,23,099.23
Income Tax Paid (net of refund)	
Net Cash from Operating Activities	-1,23,099.23
<b>B Cash Flow From Investing Activities</b>	
Acquisition of fixed assets	-0.04
Sale of fixed assets	
Receipt of Monetization Proceeds	904.85
Receipt of assets/investment in consideration of financial assistance to AIL (Refer Note 3 & 23.c)	1,50,906.41
Net Cash From Investing Activities	1,51,811.22
<b>C Cash Flow From Financing Activities</b>	
Proceeds from Borrowings	
Proceeds from Issue of Share Capital	6,23,654.00
Proceeds from Government Budgetary Support	13,780.00
Interest Income	1,287.19
Addition support provided to AI during the FY 2021-22	-6,11,780.00
Reimbursement of interest/expenses	-30,316.17
Payment for Reimbursement of Interest Debt servicing/expenses	-13,780.00
Net Cash From Financing Activities	-17,154.98
Net (Decrease)/Increase in Cash and Cash Equivalents	11,557.01
Add: Cash and Cash Equivalents at the beginning of the Year	5,703.21
Cash and Cash Equivalents at the end of the Year**	17,260.22
Component of Cash and Cash Equivalents	
Cash on hand	Nil
Balance in Current Account	40.70
Other Deposit Account	17,219.52
	17,260.22

Particulars	(₹ in million)
<b>Net Cash Flow(Used in)/ from Operating Activities</b>	<b>2021-22</b>
Net Cash Flow used in Investing Activities	10,545.55
Net Cash Flow(Used in)/ from Financing Activities	-7,083.29
Net increase/ (Decrease) in Cash and Cash equivalents	-850.61
Cash and Cash equivalents (Opening balances)	2,611.65
Unrealised Foreign Exchange Gain/(Loss) in Cash and Cash equivalents	931.48
Cash and Cash equivalents (Closing balances)**	3,543.13

\* other adjustment represents elimination of interest income recoverable from subsidiaries

\*\* Cash & cash equivalent (closing balance) excludes cash & cash equivalent of entities included in disposal group held for sale amounting to ₹ 3543 million.

The Cash flow statement has been prepared under the incorrect method as set out in the Indian Accounting Standard 7 (Ind AS-7) on "Cash Flow Statements", and present cash flows by operating, investing and financing activities

Place: New Delhi

Date: 10.02.2023



By order of the Board

*(Signature)*  
(Wikram Dev Dutt)  
Chairman & Managing Director  
DIN : 02055541

**AI ASSETS HOLDING LIMITED**

(Formerly Air India Assets Holding Limited)

CIN : U74999DL2018GOI328865

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2022**

A. Equity Share Capital	As at MARCH 31, 2022
Balance at the beginning of the reporting year	0.50
Changes in equity share capital due to prior period errors	-
Restated balance at the beginning of the current reporting period	0.50
Changes in equity share capital during the year	
Add: Equity Share Capital allotted during the year	6,23,654.00
Less: Buybacks	-
Balance at the end of reporting year	6,23,654.50

Particulars	Other Equity
	Reserves and Surplus
	Retained Earnings
Balance as at 31 March 2021	1,777.17
Effect of Deferred Tax Asset of earlier years	-
Profit for the Year	-7,357.92
Other Comprehensive Income/(loss)	-
Balance as at 31 March 2022	-5,580.75
Funds transferred to the then AIL over and above assets/ liabilities received	-6,77,518.25
Balance as at 31 March 2020	1,340.21
Effect of Deferred Tax Asset of earlier years	-
Profit for the Year	436.96
Other Comprehensive Income/(loss)	-
Balance as at 31 March 2021	1,777.17

By order of the Board



(Vikram Dev Dutt)

Chairman &amp; Managing Director

DIN : 02055541

Place: New Delhi  
Date: 10.02.2023



**AI ASSETS HOLDING LIMITED**  
(Formerly Air India Assets Holding Limited)  
CIN : U74999DL2018GOI328855

Cash Flow Statement for the year ended 31st March, 2022

Particulars	(₹ in million)	
	2021-22	2020-21
<b>A Cash Flow From Operating Activities</b>		
Net Profit / (Loss) Before tax	-10,574.67	627.22
Adjustments for:		
Depreciation / Amortisation	0.001	-
Finance Cost	30,316.17	22,651.06
Interest Income	1,287.19	72.00
<b>Operating profit before working capital changes</b>	<b>18,454.31</b>	<b>23,206.28</b>
(Increase) / Decrease in Trade Receivables	-	-
(Increase) / Decrease in Other Current & Non Current Assets	-1,41,172.64	-858.27
Increase / (Decrease) in Trade Payables	-0.19	0.98
Increase / (Decrease) in other Current & Non current Liability	-380.71	-537.04
<b>Cash Generated from Operations</b>	<b>-1,23,099.23</b>	<b>21,811.95</b>
Income Tax Paid (net of refund)	-	-312.18
<b>Net Cash from Operating Activities</b>	<b>-1,23,099.23</b>	<b>21,499.77</b>
<b>B Cash Flow From Investing Activities</b>		
Acquisition of fixed assets	-0.04	-
Sale of fixed assets	-	-
Receipt of Monetization Proceeds	904.85	885.33
Receipt of assets/investment in consideration of financial assistance to AIL (Refer Note 3 & 23.c)	1,50,906.41	-
<b>Net Cash From Investing Activities</b>	<b>1,51,811.22</b>	<b>885.33</b>
<b>C Cash Flow From Financing Activities</b>		
Proceeds from Borrowings	-	-
Proceeds from issue of Share Capital	6,23,654.00	-
Proceeds from Government Budgetary Support	13,780.00	21,836.20
Interest Income	1,287.19	72.00
Addition support provided to AI during the FY 2021-22	-6,11,780.00	-
Reimbursement of interest/expenses	-30,316.17	-22,651.06
Payment for Reimbursement of interest Debt servicing/expenses	-13,780.00	-21,836.20
<b>Net Cash From Financing Activities</b>	<b>-17,154.98</b>	<b>-22,579.06</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>	<b>11,557.01</b>	<b>-193.96</b>
Add: Cash and Cash Equivalents at the beginning of the Year	5,703.21	5,897.17
<b>Cash and Cash Equivalents at the end of the Year</b>	<b>17,260.22</b>	<b>5,703.21</b>
<b>Component of Cash and Cash Equivalents</b>		
Cash on hand	Nil	Nil
Balance in Current Account	40.70	40.33
Other Deposit Account	17,219.52	5,662.88
	<b>17,260.22</b>	<b>5,703.21</b>

Place: New Delhi  
Date: 10.02.2023



By order of the Board

*(Signature)*

(Vikram Dev Dutt)  
Chairman & Managing Director  
DIN : 02055541



## ***Independent Auditor's Report***

To the Members of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*)

(CIN: U74999DL2018GOI328865)

**Report on the Audit of the Consolidated Ind AS Financial Statements**

### **1. Qualified Opinion**

We have audited the accompanying Consolidated Ind AS Financial Statements of AI Assets Holding Limited (*formerly Air India Assets Holding Limited*) ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2022, and the Consolidated Statement of Profit & Loss (including Comprehensive Income), the Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows for the year then ended, and notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information (*hereinafter referred to as the Consolidated Ind AS financial statements*).

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, except for the possible effects of the matters described in the Basis for Qualified Opinion Section of our report, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act 2013, as amended ("the Act") in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended (Ind AS) and accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at 31st March, 2022, and its Consolidated Loss (including consolidated other comprehensive income), the Consolidated changes in equity and its consolidated cash flows for the year ended on that date.

### **2. Basis for Qualified Opinion**

In respect of one of the subsidiaries of the Group whose audit report has been qualified is reproduced hereunder:  
In respect of Hotel Corporation of India Limited - (vide their Independent Auditor's Report dated December 05, 2022)

Sl No.	Qualifications
1.	<b><u>Disagreement between Jammu &amp; Kashmir Government &amp; Centaur Lake View Hotel (CLVH)</u></b> In terms of decision of Jammu & Kashmir Governments, the functioning of Hotel Centaur Lake View Hotel (CLVH) was inoperative w.e.f 14.06.2022, for action of J&K Government for the sizing of the property. All records and documents were seized by the J&K Government due to which we have not audited the financials of CLVH, Financial Statements consists of total assets of Rs.405.23 million as at



	March 31, 2022 and the total revenue of Rs.82.05 million for the year ended of CLVH. The financial information of the unit was produced by the management hence we are unable to ascertain the impact thereof in the consolidated financial statements. (Refer Note 53 i) of the Consolidated Financial Statements)
2.	<p><b><u>Inventory:</u></b></p> <p>Inventory records and Accounting records are not integrated. The Company has practices of maintaining and updating Inventory records manually in excel (MS Office).</p> <p>The consumption of stocks, stores, crockery, cutlery etc. is being arrived by adding opening balances to the purchases and deducting therefrom closing balances as per practices being followed from the past. In absence of maintenance of proper record of stock movement including but not limited to the shortage, scrap, pilferage, misuse or theft etc. we were not able to apply other auditing procedures to satisfy ourselves on inventory quantities.</p> <p>Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory. (Refer Note 35 b of the Consolidated Financial Statements)</p>
3.	<p><b><u>MSMED Act compliances</u></b></p> <p>The company has classified MSME vendors registered under Micro small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of procurement; provision for Interest, if any, on outstanding dues to MSMSE units could not be verified. We therefore are unable to determine the delay in making payment to such entities and liability of interest and compliance on such delayed payments in terms of provisions of MSMED Act. (Refer Note 36 of the Consolidated Financial Statements)</p>

The impact of above qualifications on consolidated financial statements, if any, is not ascertainable.

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS Financial Statements under the provisions of The Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us together with audit evidence obtained by the other auditors in terms of their reports refer to in Para 6 of "Other Matters" section below is sufficient and appropriate to provide a basis for our opinion.

### **3. Material Uncertainty Related to Going Concern**

#### **In respect of Hotel Corporation of India (Subsidiary)- vide their Auditor's Report Dated December 05, 2022**

The Company has incurred a net loss of Rs.842.51 million during the year ended March 31, 2022 and, as of that date, the Company's current liabilities exceeds its total assets by Rs.265.39 million and it has accumulated losses of Rs.7,541.61 million which has resulted in complete erosion of the net worth of the company. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, based on the assessment conducted by the Management and other factors mentioned in the aforementioned note, these financial statements have been prepared on a going concern

basis and no adjustment has been made to the carrying value of the assets and liabilities of the Company as at the reporting date. (Refer Note 55 of the Consolidated Financial Statements)

#### **4. Emphasis of Matter**

We draw your attention to: -

**A) In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated November 03, 2022.**

- (i) Note no. 23 a) & 24.i of the Consolidated Ind AS Financial Statement regarding payment made by the company to the then AIL for its disinvestment amounting to Rs.8,31,949.58 million (excluding government grants amounting to Rs.74,296.70 million transferred to the then AIL for servicing interest of identified debts) and against such amount total assets (net of liability) transferred by the then AIL to the company amounting to Rs.1,54,431.33 million and difference of Rs.6,77,518.25 million has been classified as a separate line item under "Equity & Liabilities". However, details about the component of differential amount (viz. provision of ECL/doubtful debts, provision for non-moving/scraped inventories, any other provision of assets etc.) has not been provided by the then AIL hence could not be verified.
- (ii) Note no. 23.c.III of the Consolidated Ind AS Financial Statement regarding book transfer of the movable and immovable assets of Rs.77,533.76 million through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets are still with the AIL held in trust on behalf of the company and dues against taxes/ state leavey have not been provided for. Further, the above immovable properties includes cost of one flat at 6B, Shriram Apartments, Middleton Street, Kolkata for Rs.10.09 million, which was sold by the then AIL before the date of disinvestment, but its cost was transferred to the company through debit notes. The company had relied on the debit notes/ credit notes for recording of assets/liabilities transferred from AIL, with the exception to above wherein this immovable property transferred reversed by the company on the basis of documents shared by AIL, without corresponding credit note from AIL.
- (iii) Note no. 23.III.a.ii of the Consolidated Ind AS Financial Statement regarding assets received from the then AIL has been classified as "Assets included in disposal group held for sale". However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, foot note of Note No. 9 and 17 regarding the assets and liabilities of the subsidiaries classified as Assets included in disposal group held for sale has been carried out on book value instead of lower of fair value or carrying cost in terms of Ind AS 105, due to confidentiality in the valuation as the subsidiaries are under the process of disinvestment.
- (iv) Note nos. 9, 17 and 25.v of the Consolidated Ind AS Financial Statement regarding certain movable and immovable assets transferred by the then AIL classified under "Assets included in disposal group held for sale" for which either lease period has been expired or assets are under encroachment /legal disputes. Further, regarding surrender of the remaining lease right to the lessor on compensation basis though as stated to us in few cases, the lessor is denying for any compensation taking the ground that there is no clause in the agreement for the compensation.
- (v) Note no 49.i of the Consolidated Ind AS Financial Statement regarding Rs.6,839.24 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed only Rs.9.36 million only as payable to the company, and differential amount of Rs.6,829.88 million has been either charged by the then AIL as expenses or not acknowledged by the AIL as payable to the company.



- (vi) The Holding Company had charged interest of Rs.916.05 million at the rate of 9% p.a. on old outstanding recoverable amount of Rs.49,839.76 million from the subsidiaries transferred from the then AIL to the company. Since, the company was not able to repay the outstanding recoverable in past to then AIL hence the same have been transferred to the company and in spite of the fact that the net worth of these subsidiaries (except AIASL) have already been eroded, the company has charged interest (from the date of transfer of shares of the subsidiaries to 31st March, 2022) from these subsidiaries. The company has also taken an independent opinion from consultant on this matter and in their opinion also the interest should not be charged as impact of the same will be on cash outflow of the company against GST and Income tax liabilities on such notional income (if the subsidiaries are not able to repay).
- (vii) The company had charged interest @ 1% per annum only on advance of Rs 562.50 million given by them to one of its subsidiaries which is well below the then prevailing yield on Government Security, which is in contrary to the requirement of the section 186(7) of the Companies Act, 2013
- (viii) Note no 23.c.II and 26 of the Consolidated Ind AS Financial Statement regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.41 million and outstanding recoverable amounting to Rs.49,839.76 million classified under "Assets included in disposal group held for sale" though the net worth of the subsidiaries (except AIASL) has been eroded completely.
- (ix) Note no 49.II of the Consolidated Ind AS Financial Statement regarding difference of Rs.1.34 million in balances between AIASL and the company as at 31<sup>st</sup> March, 2022, on account of short provision of interest by AIASL on outstanding recoverable transferred by then AIL to the company. We report that to that extent, the accounts are unreconciled between the company and AIASL.
- (x) Note 17 of the Consolidated Ind AS Financial Statements, the company has classified Rs.1,227.99 million under "Liabilities against assets included in disposable group held-for-sale". These liabilities were transferred by the then AIL to the company on the basis of debit notes/credit notes only, however other supporting/confirmation for the said amount are not available.
- (xi) Note 22.I.iv of the Consolidated Ind AS Financial Statements regarding non provision of Rs. 0.45 million as firm liability as against shown as contingent liability towards demand received from BSE for delay in submission of half yearly/quarterly returns.
- (xii) Note 25.viii of Consolidated Ind AS Financial Statements regarding GST ITC of Rs.226.48 million against assets located in those states where the company was not registered under GST act through invoices issued to the company at company's Delhi GSTIN. The company has availed GST ITC on those invoices, whereas on the GST portal the amount appearing as ineligible ITC.
- (xiii) Note 23.c.III.c.iv of the Consolidated Ind AS Financial Statements regarding non accounting of certain benefits (including house rent recoveries of housing colonies) accruing to AIL, AIXL or AI-SATS post disinvestment closing date on account of remaining assets including interest accrued thereof will be paid to the Government of India or such other person as nominated by the Government of India.
- (xiv) Note 49 of the Consolidated Ind AS Financial Statements regarding recovery/adjustment made by AIL from the company amounting to Rs.2,244.48 million towards interest on identified debts for the period prior to 1<sup>st</sup> October 2018 in two parts Rs.955.91 million as interest in AIL recoverable account and Rs.1,288.57 million in AIL settlement account for which the company has no mandate for payment of interest for this period & not accounted for in company books.

**B) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited)(Subsidiary) – Vide their Auditor's Report dated October 20, 2022.**

- (i) The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149(4), Section 177 and Section 178 of the Companies Act, 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.
- (ii) a) As per para 9 of Ind AS 2 on Inventories  
Inventory shall be measured at cost or net realizable value.  
The company has valued the inventories during the year at weighted average cost. Valuation of inventories has not been done as per Ind - AS 2 at year end. Hence, we are unable to comment on the impact of the same.  
b) Inventory has not been physically verified by the management.
- (iii) Company has not deducted income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.
- (iv) Company has calculated interest payable/receivable on average balance of Inter Companies. The company has not calculated interest as per MSA with various Inter Companies.
- (v) The company has not complied with Ind AS 36 on Impairment of Assets.
- (vi) a) The reconciliation and matching of certain unmatched receivable/recoverable from staff and payables including certain control ledger is in the process. (Refer note no. 49(iv) of the *Consolidated Ind – AS Financial Statements*.)  
b) Trade receivables, deposits received, deposits paid and trade payable are subject to confirmation. (Refer Note 49 (iv) of the *Consolidated Ind – AS Financial Statements*)  
c) The company is in process of reconciliation of revenue and tax deducted at source as accounted in financials as per 26 AS.  
d) Good and Service Tax (GST) and other statutory dues are in the process of reconciliation with the returns filed and statutory records maintain by the company. (Refer Note 49 (iv) of the *Consolidated Ind – AS Financial Statements*)
- (vii) The then Air India Limited on account of AIESL use to pay under self-contributory Superannuation Pension scheme and recovered from the company and an amount of Rs.104.08 million debit balances is appearing in the books of the company, which is under reconciliation. (Refer Note 49 (iv) of the *Consolidated Ind – AS Financial Statements*)
- (viii) Company has appointed a professional Firm of Chartered Accountant for Physical verification of PPE, including for the assets tagging of the PPE (Delhi) in a phase manner. Discrepancies and excess will be adjusted/accounted after taking approval from the competent authority. (Refer Note 35 a (iii) of the *Consolidated Ind – AS Financial Statements*)
- (ix) Prior period expenses to the tune of Rs.71.45 million has been booked in the current year. The books of 2020-2021 has been restated and consequential adjustments/disclosure has been made.



**C) In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated July 14, 2022.**

- (i) *Note 55 of the Consolidated Ind – AS Financial Statements* - which states that the financial statements of the company have been prepared on going concern basis for the reasons stated therein in spite of continuous accumulated losses and net worth of the company fully eroded.

**D) In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor's Report dated December 05, 2022.**

- (i) The balance confirmations in respect of Trade Payables, Trade Receivables, Loans and Advances, Deposits etc. have not been received from the parties and hence we are unable to state whether these balances are recoverable /payable to the extent stated. *(Refer Note 49 (v) of the Consolidated Ind – AS Financial Statements).*
- (ii) Property Plant Equipment (Fixed Assets) are not properly maintained and updated at various units. No physical verification of PPE has been conducted by the management during the current financial year (Last inspection was conducted in FY 2019-20). *(Refer Note 35 a vi of the Consolidated Ind – AS Financial Statements).*
- (iii) Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further In view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India . *(Refer Note 22 I b (v) of the Consolidated Ind – AS Financial Statements).*
- (iv) The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.3.2022 is Rs.146.36 million. The Management had announced an interim relief of Rs 5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 66.81 million as on 31.3.2022. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. *(Refer Note 22 I b (v) and 53 (iii) of the Consolidated Ind – AS Financial Statements).*
- (v) The Company has not complied with certain provision of the Act. As a consequence thereof:
- a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.

- b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.
  - c. The above non-compliance was also reported by the previous auditors in their Auditors' report dated 4th August, 2021 for financial year 2020-21.
- (vi) The Company has internal control system which need strengthening for followings:
- a. Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.
  - b. Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained. (Refer Note 35 (b) of the Consolidated Ind – AS Financial Statements)
  - c. The above non-compliance was also reported by the previous auditors in their Auditors' report dated 4th August, 2021 for financial year 2020-21
- (vii) Fair value of the financial assets and financial liabilities is arrived based upon best information available or provided by the management. We have relied upon the management information for fair valuation on the absence of other required information.

**E) In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited)(Subsidiary)- Vide their Auditor's Report dated August 02, 2022**

- (i) The Company is charging interest @ 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Limited (considered related party till January 13, 2022), Air India Express, Air India Engineering Services Limited and Alliance Airlines Private Limited. During the audit period, interest on overdue payments amounting to Rs.172.24 million (Previous year Rs.289.05 million) has been booked as other income. We have relied on the management contention that such amount will be fully recovered and hence, no further adjustments are required for current audit period.
- (ii) We draw attention to Note 9 to the Consolidated Ind-AS Financial Statements, the company has inventory consisting of stores and spares amounting to Rs. 59.14 million. These inventories are transferred from Air India Limited and Air India Engineering Limited, which are not used for more than three years. We have relied on the management contention that such inventory have value in use and is at-least equal to the carrying value in books based on confirmation received from the users (technical) department of the Company and hence, no further adjustments are required for the audit period.
- (iii) The company has entered into leases for various commercial premises (with option to purchase/renew but title of the same may or may not eventually be transferred) which are scattered at various locations/stations/regions, there is foreclosure clause in the contract, wherein it is cancelable by providing notice period of 90 days by either site. In view of the management, considering it as cancelable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting.

Pending evaluation, these lease have not been considered as right-of-use assets under Ind AS 116 and rent of the same has been charged systematically to the statement of profit and loss for the current year. We have relied on the management contention that the impact of the same will not be material.

Our report is not modified in respect of matters stated above.



## 5. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the Basis for Qualified Opinion section and material uncertainty in relation to Going Concern section above, we have determined the matters described below to be the Key Audit matters to be communicated in this report based on Key Audit matters reported in Audit Report issued by us of Holding Company and reported in Audit Reports issued/ communicated to us by respective auditors of the Subsidiaries, reproduced by us, except for the matters eliminated on consolidation or not considered material at Group level.

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
1	<p><b>In respect of Holding Company,</b></p> <p><b>Transactions relating to disinvestment of Air India Limited</b>  <i>(refer note no 23 to the Consolidated Ind AS Financial Statements)</i></p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements: -</p>	<p>We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated framework agreement for the disinvestment of the then AIL and its subsidiaries. These assets and liabilities of the then AIL transferred to the company shall be monetized for the utilization of repayment of debts paid by the company to then AIL. Further, it was also explained to us that the purpose for which the company was created as SPV is for the said matter, hence we have relied on the same. Further the current assets equal to current liabilities retained by the AIL for which details were not provided, however, we have relied the self-certified documents provided by AIL.</p> <p>We have relied on the information/ documents provided by the management as received from AIL. We have not been provided any Utilization certificate of funds utilized by AIL for the purpose these were intended to by either statutory auditors of AIL or from any independent agency.</p>



2.	<p><b>Recognition of revenue and expenditure</b>  <i>(refer note no 29 to the Consolidated Ind AS Financial Statements)</i></p> <p>We consider this matter to be of most significance in our audit due to the materiality of the balances of such assets in the financial statements -</p> <table border="1"> <tr> <td data-bbox="395 398 895 1451"> <p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p> </td><td data-bbox="895 398 1355 1451"> <p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL w.r.t to such income and expenses as the necessary evidences in the form of supporting bills and the vouchers are not in the possession of the company. Thereby, company had relied on the transactional details provided w.r.t said transactions by Air India Limited and accordingly accounted for in the books of accounts of the Company.</p> <p>The onus of compliance of the statutory provisions to above transactions under various statutes such as withholding of tax/ TDS under Income Tax Act, 1961 and discharge of liabilities under Goods &amp; Service Tax lies with AIL, as such we are not able to comment on such statutory compliances.</p> </td></tr> </table>	<p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL w.r.t to such income and expenses as the necessary evidences in the form of supporting bills and the vouchers are not in the possession of the company. Thereby, company had relied on the transactional details provided w.r.t said transactions by Air India Limited and accordingly accounted for in the books of accounts of the Company.</p> <p>The onus of compliance of the statutory provisions to above transactions under various statutes such as withholding of tax/ TDS under Income Tax Act, 1961 and discharge of liabilities under Goods &amp; Service Tax lies with AIL, as such we are not able to comment on such statutory compliances.</p>
<p>Income from operation includes in the last financial year as rental income which has been classified during the year as Other income including rental income of Rs. 837.07 million against Rent of Air India Nariman Point Building, the title of such property remains with AIL.</p> <p>Other Income includes an income of Rs. 356.53 million credited by AIL towards revenue share of a subsidiary company.</p> <p>Expenses towards Reimbursement of interest costs, surveillance &amp; other fees, maintenance expenses, salaries have also been debited by Air India Limited to the company.</p>	<p>We have relied on contention of the management regarding classification of such income from income from operation to other income, as the income is from the assets which have been classified as assets included in disposal group held for sale and are under process of disinvestment.</p> <p>We have relied on the debit/credit notes received from AIL w.r.t to such income and expenses as the necessary evidences in the form of supporting bills and the vouchers are not in the possession of the company. Thereby, company had relied on the transactional details provided w.r.t said transactions by Air India Limited and accordingly accounted for in the books of accounts of the Company.</p> <p>The onus of compliance of the statutory provisions to above transactions under various statutes such as withholding of tax/ TDS under Income Tax Act, 1961 and discharge of liabilities under Goods &amp; Service Tax lies with AIL, as such we are not able to comment on such statutory compliances.</p>		
3	<p><b>Independent Director under Companies Act, 2013</b>  <i>(refer Note 46 to the Consolidated Ind AS Financial Statements)</i></p> <table border="1"> <tr> <td data-bbox="395 1585 895 1886"> <p>Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange</p> </td><td data-bbox="895 1585 1355 1886"> <p>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on</p> </td></tr> </table>	<p>Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange</p>	<p>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on</p>
<p>Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange</p>	<p>In terms of section 149 of the Companies Act, 2013, read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to appoint at least two independent directors on their Board of Directors. The Company does not have any independent director since the date of its listing of NCDs on</p>		

		stock exchange.
4	Total Grant in aid received from Govt. of India of Rs.13,780 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and for serving interest on identified debt of AIL of Rs.74,000 million as described in Note no 24 of the Consolidated Ind- AS Financial Statements.	
	Transfer of Identified debts from Air India Limited to company: GOI Grant in aid of Rs.13,780 million towards servicing of interest on the identified debts and treatment of receipts of grant and its utilization in the financial statements	The Note no 24 of the notes to Consolidated Ind AS Financial Statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies.  The Budgetary support / grant received during the year is accounted as "other income" aggregating to Rs.13,780.00 million to the extent of the equivalent amount expensed off during the year as the Debt servicing expenses and other expenses (including Interest expenses, surveillance fees and credit rating agency expenses for servicing of the Identified debts).
5	<i>Sub para 3 of para 3 "Undertaking" of Restated Framework Agreement dated 05.01.2022 executed between AIL and the Company stipulates that "notwithstanding anything to the contrary contained in this agreement, in case of any inconsistency between the provision of this agreement (or any agreement executed pursuant to this agreement) and the provisions of the SPA, the provisions in the SPA shall override and prevail over such inconsistent provisions as contained in this agreement or any agreements executed pursuant to this agreement)</i>	Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and then AIL for all the transactions made between AIL and the Company.
6	An amount of Rs.5,891.10 million withheld by AIL against security deposit stated to have been forfeited by the lessors against termination of the SLB of 21 B787 aircraft along with payment to be made by AIL for amounting to Rs.528.20 million	We have relied on the utilized certificate shared by the then AIL and letter number dt 8 <sup>th</sup> August 2022, wherein it is mentioned that against these payments, there was no actual cash outflow.



	towards JDC arrears payment withheld by AIL. Since, there was no actual cash outflow on such forfeited security deposit and on account of recoveries of flying and other allowances out of JDC arrears, however, the then AIL has adjusted said amounts by showing utilization against such security deposit and JDC arrears payment in their utilization statement submitted to the company.	
	<b>In respect of Subsidiary Companies:</b>	
	<b>Hotel Corporation of India Limited</b>	
<b>7</b>	<b>Going Concern</b>	
	The company is in loss, net worth is fully eroded, going concern needs to be examined.	As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.12.2024 which ensures that company will be able to run its business as going concern in near future. <i>(Refer Note 55 of the Consolidated Ind – AS Financial Statements).</i>
		The Company is also tapping Online Travel Agents, Walk-in Customers, Event Booking, Corporates for increasing the business. The Company is also planning of introducing additional capex for operationally essential matters, obtaining ISO Certification in order to upgrade the present properties.
		Refurbishment of existing 50 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.
		The Company does not have any loan from financial institutions and none of the creditors have applied for insolvency against the Company. Based upon the above facts and data, we have performed our audit procedure and make opinion accordingly.

8.	<p><b>Contingent Liabilities:</b></p> <p>There are various litigations Pending before various forums against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability.</p> <p>We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgement in interpreting the cases and it may be subject to management bias.</p> <p><i>(Refer Note 22 (v) of the Consolidated Ind – AS Financial Statements)</i></p>	<p>We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent liabilities and adopted the following audit procedures:</p> <ul style="list-style-type: none"> <li>- understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases;</li> <li>- discussing with management any material developments and latest status of legal matters - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities;</li> <li>- examining management's judgements and assessments whether provisions are required;</li> <li>- considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote</li> <li>-reviewing the adequacy and completeness of disclosures</li> </ul> <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.</p>
9	<p><b>Uncertain Taxation Matters</b></p> <p>The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.</p>	<p>We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.</p> <p>We also considered legal precedence and other rulings, including in the Company's own case, in evaluating management's position on these uncertain tax positions.</p>



In respect of Subsidiary Companies:	
AI Engineering Services Limited	
10.	<p>1) In view of NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of core group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017.</p> <p>2) CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment.</p> <p>3) An ex-facto approval was given by Union Cabinet in Feb 2019 for formation of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings &amp; artifacts and other non-operational assets.</p> <p>4) As per the decision of AISAM for transferring of the investments subsidiaries, the shares of the company (AIESL) were being transferred from the then Air India Limited to AIAHL at book value. Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of shares of AIESL was executed on 10<sup>th</sup> January, 2022.</p> <p>5) As per the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of Company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f. 12<sup>th</sup> January, 2022. Consequently, AI Asset Holding Limited (AIAHL) has become the new parent company/ Holding Company of AI Engineering Services Limited.</p> <p>6) Furthermore, in line with the Government of India decision the outstanding recoveries of</p> <ul style="list-style-type: none"> <li>We have obtained share purchase agreement executed on 10<sup>th</sup> January 2022 between Air India Limited and AI Assets Holding Limited.</li> <li>Air India has transferred 16,66,66,500 equity shares of company to AI Assets Holding Limited vide share purchase agreement executed on 10<sup>th</sup> January 2022 between Air India Limited and AI Assets Holding Limited.</li> <li>The then Air India has transferred Nagpur MRO facility to AI Assets Holding Company to the tune Rs. 674,00,19,040.85. AI Asset Holding Company has transferred the captioned assets to Company. Company has taken Rs. 674,00,19,040.85 as addition to gross block during 2021-2022 and depreciation has been charged on it taking balance useful life of assets in the books of the then Air India.</li> <li>Inventory to the tune of Rs. 70,97,88,045.11/- has been transferred by Air India to the AI Asset Holding Company. Same is held in books of AI Asset Holding Company on behalf of AI Engineering Services Ltd.</li> </ul> <p><i>(Refer Note 26 of the Consolidated Ind – AS Financial Statements)</i></p>

	AIESL in the books of then AIL as on the disinvestment date has been transferred from the then AIL to AIAHL for amounting to Rs.21,175.63 million.	
11.	The Government of India wide letter dated 16 <sup>th</sup> February, 2022 has approved medical benefit facility to the eligible permanent retired/ retiring employees of Air India Ltd including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under the scheme will be borne by M/o Civil Aviation through Budgetary provisions.	<ul style="list-style-type: none"> <li>Letter dated 16<sup>th</sup> February, 2022 from the Ministry of Civil Aviation stating in the wake of disinvestment of Air India, Government has decided that medical benefits would be made available to retired and retiring AI beneficiaries (including eligible permanent employees of AIESL) by the Government was obtained from management.</li> <li>In Financial Year 2021-22, medical expenses on actuarial basis has not been provided in the books for eligible employees. However, Medical liability included in the provisions for employee benefits in balance sheet are overstated to the extent of Rs. 233.42 Cr. in Balance Sheet as on 31.03.2022.</li> </ul>

#### 6. Other matters

- (i) We did not audit the financial statements/ financial information of four subsidiaries, whose financial statements reflects the total assets (classified under Asset included in disposal group held for sale) as at 31<sup>st</sup> March, 2022, total revenue and net cash inflow/ (outflow) for the period ended on that date as considered in the consolidated financial statements.

(₹ in million)

Name of the Subsidiary	Total Assets	Net Assets	Total Revenues (from the date of control to 31 <sup>st</sup> March, 2022)	Net Cash Inflows/(Outflow) (from the date of control to 31 <sup>st</sup> March, 2022)
Alliance Air Aviation Ltd (AAAL)	28,050.35	(30,985.52)	1,731.99	17.03
AI Engineering Services Limited (AIESL)	20,268.21	(13,815.12)	4,350.49	2,092.34
Hotel Corporation of India (HCI)	855.22	(6,138.61)	169.05	(10.25)
AI Airport Services Ltd (AIASL)	9,139.34	3,616.55	1,666.42	512.59



- (ii) These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report on the consolidated financial statements in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of the other auditors and the procedures performed by us are as stated Auditor's Responsibility section above after considering the requirement of Standards on Auditing (SA 600) on 'Using the work of Another Auditor including materiality.
- (iii) 'Other matter' paragraphs on the financial statements of the subsidiaries given by the respective firm of Chartered Accountants in their Auditor's Report, reproduced by us except for the matter eliminated on consolidation or considered not material at group level, as under

**(a) In respect of Alliance Air Aviation Limited**

Cargo commission amounting to Rs NIL Million (previous year: NIL), Pax commission amounting to Rs 44.73 million (previous year: 40.65 million), MSF commission to PGP amounting to Rs.18.96 million (previous year: 18.06 million), Bank charges on credit card Rs 58.46 million (previous year: 16.83 million) has been accounted for on the basis of the amount allocated by AIL on the basis of the report generated by an outsourced agency.

**(b) In respect of Hotel Corporation of India Limited**

**Goods and Service Tax**

- In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of availability of records.
- Further Company has availed GST Input (ITC) on the invoices of the Creditors/ Vendors but the same has not been surrendered back in case wherein payment has not been made within stipulated timelines under the GST. The amount whereof is not ascertainable and quantifiable in absence of due records.
- In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of availability of records.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

**7. Information other than the consolidated financial statements and auditors' report thereon**

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's information, but does not include the consolidated financial statements and our auditor's report thereon. These reports are expected to be made available to us after the date of this Auditor's Report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the reports containing the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

#### **8. Management responsibility for the consolidated Ind AS financial statements**

The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors of the companies included in the Group are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the company included in the group are responsible for overseeing the Group's financial reporting process.

#### **9. Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:



- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **10. Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, based on our audit on separate financial statements and the other financial information of the subsidiary companies, as noted in the "Other Matter" paragraph, we give in the Annexure – 1, a statement on the matters specified in paragraph 3(xxi) of the Order.
2. In terms of sub section (5) of section 143 of the Companies Act, 2013 based on our audit and on the consideration of the report of the auditor of the subsidiary companies, as referred in the "Other Matters" paragraph we give in the Annexure – II, a statement on the directions issued under the aforesaid section by the Comptroller and Auditor General of India.
3. As required by Section 143 (3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and other financial information of subsidiaries as referred in the "Other Matters" paragraph we report, to the extent applicable, that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the consolidated financial statements read with matters as reported in "Emphasis of Matter" and "Key Audit Matters" paragraph above.
  - b) Except, for the possible effects of the matters described in the basis of qualified opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as appears from our examination of those books and reports of other auditors.
  - c) The consolidated Balance Sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of change in equity and the consolidated cash flow statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, except para no. iii of the Emphasis of Matter above.
  - e) In view of exemption given vide notification no. GSR 463(E) dt. 5<sup>th</sup> June 2015, issued by the Ministry of Corporate Affairs, Government of India, provision of section 164(2) of the Companies Act, 2013, regarding disqualification of Directors, are not applicable to Holding Company and its subsidiaries.
  - f) With respect to the adequacy of the internal financial controls over financial reporting with reference to the consolidated financial statements of the Group and the operating effectiveness of such controls, refer to our separate Report in 'Annexure B'.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification no. G.S.R. 463 (E) dated 5<sup>th</sup> June 2015 provisions of section 197 of the act are not applicable to the Group.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other



auditors on separate financial statements and the other financial information of subsidiaries, as referred in the "Other Matters" paragraph:

- i. The consolidated financial statements disclose the impact of pending litigation on the consolidated financial position of the Group in the note number 22 of the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Companies.
- iv. (a) The respective managements of the Holding Company and its subsidiary companies have represented to us, that to the best of their knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the holding company or its subsidiary company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the holding company and its subsidiary companies ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;  
(b) The respective managements of the holding company, its subsidiary companies have represented to us that, to the best of it's knowledge and belief, no funds have been received by the holding company or its subsidiary companies from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the holding company or its subsidiary companies shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and  
(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances and based on audit report of other auditors, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.
- v. No dividend have been declared or paid during the year by the holding company or its subsidiaries.

Place: New Delhi

Date :

10/11/2023

For Ashwani Sood & Associates  
Chartered Accountants  
ICA Firm Registration No. 005036N



(Ashwani Sood)

Partner

M. No. 084242

UDIN:

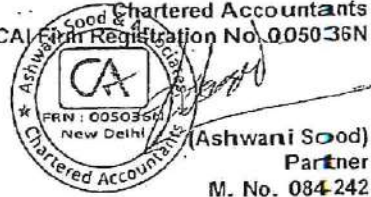
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Annexure I referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our Report of even date on the Consolidated Financial Statements of AI Assets Holding Limited (formerly Air India Assets Holding Limited)

Qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the companies included in the consolidated financial statements who have been subject to audit are:

Sr. No.	Name	CIN	Holding company/ subsidiary company	Clause number of the CARO report which is qualified or is adverse
1.	AI Assets Holding Limited	U74999DL2018GOI328865	Holding Company	(i) (a) (i) (b) (i) (c) (iii) (b) (iv)
2.	Alliance Air Aviation Limited	U51101DL1983GOI016518	Subsidiary Company	(ii) (a) (vii) (a) (ix) (a)
3.	AI Airport Services Limited	U63090DL2003PLC120790	Subsidiary Company	(vii) (a) (vii) (b)
4.	AI Engineering Services Limited	U74210DL2004GOI125114	Subsidiary Company	(i) (e) (vii) (a) (vii) (b)
5.	Hotel Corporation of India Limited	U55101DL1971GOI394499	Subsidiary Company	(i) (a) (A) (i) (b) (i) (c) (vii) (b) (xiii) (xiv)

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N



UDIN:

Place: New Delhi

Date: 10/1 Feb 2023

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**Annexure – 'B' Referred to in Paragraph under the Heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date on the Consolidated Financial Statements of AI Assets Holding Limited (formerly Air India Assets Holding Limited) for the year ended 31<sup>st</sup> March, 2022. Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited (formerly Air India Assets Holding Limited) ("the Holding Company") and its subsidiaries as of 31<sup>st</sup> March, 2022 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

**1. Management's Responsibility for Internal Financial Controls**

The respective management of the Holding Company's and its subsidiary Companies is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**2. Auditors' Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company and its subsidiary companies based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor's in terms of the reports referred to in the "Other Matter" section below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company and its subsidiary companies.

### **3. Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **4. Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **6. Qualified Opinion**

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at 31<sup>st</sup> March, 2022:

#### **A. In respect of Hotel Corporation of India (Subsidiary)- vide their Auditor's Report Dated December 05, 2022 has expressed qualified opinion**

Non-compliance of MSMED Act; Non-recognition of Licence fee of earlier year; Non- valuation of exclusive paintings and accounting thereof; No Maker-Checker practice followed for accounting entries; Tendering process not properly implemented & followed; No Role based access restriction in Tally ERP; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances; Books of Accounts of past financial year are not freeze/locked; Unlinked receipts, Non-maintenance of proper records of inventory and valuation thereof; Automated Attendance not implemented at all the units; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units and non- reconciliation between physical reports and Books of Account; Non maintenance of due Secretarial records; Non-recruitment of employees and rotation of duties; No rotation of internal auditors; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software "Tally ERP.

#### **B. In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited)(Subsidiary)- Vide their Auditor's Report dated August 02, 2022 has expressed qualified opinion/ weaknesses :**



- (a) Deficiencies in the design of internal control over the preparation of the financial statements being audited:
- (i) Detailed documented Standard Operating Procedures as required by the guidance note on Internal Financial Controls over Financial Reporting for critical processes are not in place.
  - (ii) Authorisation controls such as maker/checker controls in accounting software needs further strengthening.
  - (iii) Optimum utilization of information technology (IT) general and application controls should be ensured, to provide complete information consistent with financial reporting objectives and current needs.
  - (iv) Payroll is a significant process considering the size of Company's Operations. However, it has been observed that various processes such as attendance, leave records, details of new joiners and resigned employees, payment of statutory dues, etc. are not fully automated and maintained manually.
- (b) The controls for reconciliation of physical inventory and fixed assets with the books of account can be further strengthened.
- (c) Timely reconciliations of certain significant accounts such as accounts receivables, accounts payables, statutory dues with returns and payroll balances are not reconciled in an accurate manner.
- (d) Galaxy software to account cargo handling and APEDA and SAP are not integrated.
- (e) Due to bugs in MBS software, full billing is not captured in SAP. The Company does the reconciliation manually to account the billing which were not interfaced in SAP from MBS software.
- (f) While creating new customer ledger KYC not called/shared with the department.
- (g) Due to bugs in SAP, the depreciation is calculated in excel.

**C) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated October 20, 2022 has identified the following weaknesses:**

- i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries.
- ii) There should be maker checker process to have better control process.
- (iii) In SAP most of the entries and entries pertaining to expenses borne by other group companies and then reimbursed by the Company had no supporting's to check the validity of entry.
- (iv) The Company did not have effective system of reconciliation of balance with other parties.
- v) The Company has internal audit in place. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board.

In our opinion, the Holding Company, its subsidiary companies, except for the effects/possible effects of the material weaknesses/ qualification described above on the achievement of the objectives of the control criteria, qualified opinion in respect of subsidiary company, Hotel Corporation of India Limited AI Airport Services Limited and weakness in respect of subsidiary company, AI Engineering Services Limited, have maintained, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial

controls with reference to financial statements were operating effectively as at 31 March 2022, based on the internal controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have, to the extent possible, considered the material weaknesses identified and qualifications as reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated financial statements as at and for the year ended 31st March 2022 of the material weakness identified and qualifications as reported by the respective Auditors of subsidiaries, and these material weaknesses and qualifications have affected our opinion on the Consolidated financial statements and we have issued a qualified opinion on the Consolidated financial statements.

#### **7. Other Matter**

Our aforesaid reports under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial control over financial reporting in so far it relates to four subsidiaries is based on the corresponding reports of the auditors of such companies and we have relied on the same.

Our opinion is not modified in respect of the above matter.

Place: New Delhi

Date : 10/11 Feb, 2023

For Ashwani Sood & Associates  
Chartered Accountants  
ICAI Firm Registration No. 005036N



Ashwani Sood)  
Partner  
M. No. 084242

UDIN: :

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**एआई एसेट्स होल्डिंग लिमिटेड**  
(पूर्व में एयर इंडिया एसेट्स होल्डिंग लिमिटेड)  
**AI ASSETS HOLDING LIMITED**  
(Formerly AIR INDIA ASSETS HOLDING LIMITED)

To  
The Manager  
Corporate Relationship  
BSE Limited  
Phiroze Jeejeebhoy Towers  
Dalal Street, Mumbai-400001

February 10, 2022

Dear Sir,

**Sub: Declaration with respect to audit report with unmodified opinion for the financial year ended 31<sup>st</sup> March, 2022**

Pursuant to the clause 4.1 of SEBI circular No. CIR/CFD/CMD/56/2016 dated 27.05.2016, we hereby declare that the auditor of the Company M/s Ashwani Sood & Associates, Chartered Accountants, New Delhi, has issued the Audit Report under the Companies Act, 2013 and Financial Results as prepared under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the year ended on 31<sup>st</sup> March, 2022 with unmodified opinion.

**For AI Assets Holding Limited**  
(formerly Air India Assets Holding Limited)

**KAVITA**

Signature of KAVITA  
By KAVITA, DIRECTOR, AIR INDIA ASSETS HOLDING LIMITED  
CIN: U74999DL2018GOI1328865  
Date: 10/02/2022  
Place: New Delhi

**Kavita Tanwar**  
**Company Secretary**  
**ACS29486**