

Statement of Audited Consolidated Financial Results for the Quarter and Year ended March 31, 2023

(₹ in million, except EPS)

Particulars	Quarter ended			Year Ended	
	March 31, 2023	Dec 31, 2022	March 31, 2022	March 31, 2023	March 31, 2022
	Unaudited	Unaudited	Unaudited	Audited	Audited
I Revenue from Operations	-	-	-	-	-
II Other Income :					
Rent from properties held for sale	390.28	300.71	204.11	1,023.71	838.67
Other Misc Income	1,518.24	2,539.05	5,126.15	6,185.37	18,187.99
III Total Income (I + II)	1,908.52	2,839.76	5,330.26	7,209.08	19,026.66
IV Expenses:					
Employee Benefit Expenses	5.08	4.74	2.90	18.27	5.49
Finance Cost	2,597.45	3,294.87	13,223.89	14,574.28	30,316.17
Depreciation & Amortization	0.01	0.00	0.00	0.02	0.00
Other Expenses	2,696.55	1,428.94	72.18	3,180.51	194.38
V Total Expenses	5,299.09	4,728.54	13,298.98	17,773.08	30,516.04
VI Profit Before exceptional items and Tax (III-V)	(3,390.57)	(1,888.78)	(7,968.72)	(10,564.00)	(11,489.38)
VII Exceptional Items	-	-	-	-	-
VIII Profit Before Tax (VI-VII)	(3,390.57)	(1,888.78)	(7,968.72)	(10,564.00)	(11,489.38)
IX Tax Expense					
1. Current Tax	-	-	(26.00)	-	-
2. Short/ (Excess) Provision of Tax	-	-	-	-	-
3. Deferred Tax Liability / (asset)	-	-	-	-	-
X Profit For the Year (VIII-IX)	(3,390.57)	(1,888.78)	(7,942.72)	(10,564.00)	(11,489.38)
Profit/(Loss) from the entity included in disposal group held for sale	8,780.52	3,274.78	584.62	8,100.04	584.62
Tax expense of entities included in disposal group held for sale	(1,958.55)	(1,071.78)	(3,239.00)	(2,513.55)	(3,239.00)
Profit/(Loss) from the entity included in disposal group held for sale (after tax)	6,821.97	2,203.00	3,823.62	5,586.49	3,823.62
Profit/(Loss) for the year after tax	3,431.40	314.22	(4,119.10)	(4,977.51)	(7,665.76)
XI Other Comprehensive Income	-	-	-	-	-
Other comprehensive income from discontinued operations	(304.75)	(96.13)	307.84	32.72	307.84
Total Other Comprehensive Income	(304.75)	(96.13)	307.84	32.72	307.84
XII Total Comprehensive Income for the year	3,126.65	218.09	(3,811.26)	(4,944.79)	(7,357.92)
XIII Earning per Equity Share of Rs. 10 each					
Basic (Rs.)	0.050	0.003	(0.06)	(0.08)	(0.44)
Diluted (Rs.)	0.050	0.003	(0.06)	(0.08)	(0.44)

Notes to 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 15 May 2024.
- Debt 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.
- As on date of the results, the non-convertible debentures (NCDs) issued by the company are rated long term rating [ICRA]AAA(CE) (Stable) by ICRA and IND AAA(CE)/Stable by India Ratings and Research.
- Results for 4th Qtr of 2021-22 are not comparable with other quarters as the Company acquired subsidiaries in the 4th Qtr of FY 2021-22. Hence, to arrive at the 4th Qtr CFS financial results of 2021-22, the differential of SFS for 9 months and CFS for 12 months has been considered.
- The profit from the entities (subsidiaries)/income from assets included in the disposal group held for sale has been arrived at on a proportionate basis for the consolidated quarterly results of 3rd & 4th Qtr. of FY 2022-23.
- Additional disclosure as per clause 52(4) of Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulation 2015:

Sl. No	Particulars	Year ended Mar 31, 2023	Year ended Mar 31, 2022
1	Current Ratio [Current Assets/Current Liabilities]	2.39	0.33
2	Long Term Debt to Working Capital [Non-Current Borrowings + Current Maturities of Non-Current]	18.18	-2.96
3	Current Liability Ratio [Current Liabilities/Total Liabilities]	0.03	0.27
4	Total Debt to Total Assets [Non-Current Borrowings + Current Borrowings]/Total Assets]	0.97	1.37
5	Debtors Turnover [Average Trade Receivable for the period/Revenue from Operations (excluding other operating revenue for the period) * No of days in period]	N.A.	N.A.
6	Inventory Turnover [Average inventory/Fuel, Oil and Water cost for the period * No of days in period]	N.A.	N.A.
7	Operating Margin (%) [Profit/(Loss) before Depreciation and amortisation expenses, Interest, Tax, less other Income/Revenue from Operations]	N.A.	N.A.
8	Net Profit Margin (%) [Profit/(Loss) after tax/Total Income]	-69.05%	-60.39%

Date: 15.05.2024
Place: New Delhi



(Asangba Chuba Ao)
Chairman & Managing Director
DIN 08086220

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

CIN : U74999DL2018GOI328865

Consolidated Balance Sheet as at March 31, 2023

(₹ in million)

Particulars	As at March 31, 2023	As at March 31, 2022
I ASSETS :		
1 Non-current Assets		
(I) Property, Plant and Equipment	0.15	0.04
(II) Financial assets:		
a) Cash and Cash equivalents	-	-
b) Bank balances other than (a) above	2,282.00	2,079.26
c) Other Financial Assets	114.00	117.04
Total Non-Current Assets	2,396.15	2,196.34
2 Current Assets		
(i) Financial assets:		
a) Cash and Cash equivalents	7,734.79	16,823.19
b) Bank balances other than (a) above	2,100.00	437.03
c) Other Financial Assets	1,099.36	443.10
d) Air India Limited Reconciliation A/c	2,720.85	7,244.48
(II) Current Tax Assets (Net)	261.00	279.40
(III) Other Current Assets	263.54	234.67
Total Current Assets	14,179.54	25,461.87
3 Assets included in disposal group held-for-sale	1,38,223.44	1,32,450.18
Total Assets	1,54,799.13	1,60,108.39
II EQUITY AND LIABILITIES :		
1 Equity		
a) Equity Share Capital	6,23,654.50	6,23,654.50
b) Other Equity	(69,789.78)	(64,299.64)
c) Grant for the repayment of Series - 1 Bond	70,000.00	-
	6,23,864.72	5,59,354.86
d) Fund transferred to the then AIL over and above assets/liabilities received	(6,80,041.32)	(6,77,518.25)
Total Equity	(56,176.60)	(1,18,163.39)
2 Liabilities :		
(i) Non-current Liabilities		
a) Financial Liabilities		
i) Borrowings	1,49,850.00	1,49,850.00
ii) Other Financial Liabilities	-	-
b) Provisions	-	-
Total Non-Current Liabilities	1,49,850.00	1,49,850.00
(ii) Current Liabilities		
a) Financial Liabilities		
i) Borrowings	-	70,000.00
ii) Trade Payables		
(a) Total outstanding, dues of micro and small enterprises	-	-
(b) Total outstanding, dues of creditors other than micro and small enterprises	3.74	0.97
iii) Other Financial Liabilities	5,096.93	5,576.20
b) Provisions	648.91	1.81
c) Unspent Grant-in-Aid from GOI	-	450.00
d) Other Current Liabilities	189.30	1.32
Total Current Liabilities	5,938.88	76,030.30
3 Liabilities against assets included in disposal group held for sale	55,186.85	52,391.48
Total Equity & Liabilities	1,54,799.13	1,60,108.39

For and on behalf of the Board of Directors

(Asangba Chuba Ag)
Chairman and Managing Director
DIN 08086220

Place: New Delhi
Date: 15 May 2024

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

Consolidated Statement of Profit and Loss for the year ended March 31, 2023

(₹ in million)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
I Revenue from Operations	-	-
II Other Income :		
Rent from properties held for sale	1,023.71	838.67
Other Misc. Income	6,185.37	18,187.99
III Total Income (I + II)	7,209.08	19,026.66
IV Expenses:		
Employee Benefit Expenses	18.27	5.49
Finance Cost	14,574.28	30,316.17
Depreciation & Amortization	0.02	0.001
Other Expenses	3,180.51	194.38
V Total Expenses	17,773.08	30,516.04
VI Profit/ (Loss) before exceptional items and Tax (III-V)	(10,564.00)	(11,489.38)
VII Exceptional Items	-	-
VIII Profit/ (Loss) before Tax (VI-VII)	(10,564.00)	(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)	(10,564.00)	(11,489.38)
Profit/(Loss) from the entity included in disposal group held for sale	8,100.04	584.62
Tax expense of entities included in disposal group held for sale	(2,513.55)	(3,239.00)
Profit/(Loss) from the entity included in disposal group held for sale (after tax)	5,586.49	3,823.62
Profit/(Loss) for the year after tax	(4,977.51)	(7,665.76)
XI Other Comprehensive Income	-	-
Other comprehensive income from discontinued operations	32.72	307.84
Total Other Comprehensive Income	32.72	307.84
XI Total Comprehensive Income/(loss) for the year	(4,944.79)	(7,357.92)
XIII Earning per Equity Share of Rs. 10 each		
From continuing operations		
Basic	(0.17)	(0.66)
Diluted	(0.17)	(0.66)
From discontinuing operations		
Basic	0.09	0.22
Diluted	0.09	0.22
From continuing and discontinuing operations		
Basic	(0.08)	(0.44)
Diluted	(0.08)	(0.44)

For and on behalf of the Board of Directors

(Asangba Chuba Ao)
Chairman and Managing Director
DIN 08086220



Place: New Delhi
Date: 15-May-24

AI ASSETS HOLDING LIMITED

(Formerly Air India Assets Holding Limited)

CIN : U74999DL2018GOI328865

Consolidated Cash Flow Statement for the year ended March 31, 2023

(₹ in million)

Particulars	Year Ended March 31, 2023	Year Ended March 31, 2022
A Cash Flow From Operating Activities		
Net Profit / (Loss) Before tax	(10,564.00)	(11,489.38)
Adjustments for:		
Depreciation / Amortisation	0.02	0.001
Finance Cost	14,574.28	30,316.17
Interest Income	948.21	1,287.19
Other adjustments *	(5,071.08)	(914.71)
Loss/ Gain on Disposal of Assets & Others		
Operating profit before working capital changes	8,133.17	18,454.31
(Increase) / Decrease in Trade Receivables	-	-
(Increase) / Decrease in Other Current & Non Current Assets	(3,779.03)	(1,41,609.67)
Increase / (Decrease) in Trade Payables	2.77	(0.19)
Increase / (Decrease) in other Current & Non current Liability	2,703.95	(380.71)
Cash Generated from Operations	7,060.87	(1,23,536.26)
Income Tax Paid (net of refund)	-	-
Net Cash from Operating Activities	7,060.87	(1,23,536.26)
B Cash Flow From Investing Activities		
Acquisition of fixed assets	(0.13)	(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)	(2,523.07)	1,50,906.41
Net Cash From Investing Activities	(2,523.20)	1,51,811.22
C Cash Flow From Financing Activities		
Proceeds from Borrowings	-	-
Proceeds from issue of Share Capital	-	6,23,654.00
Proceeds from Government Budgetary Support	70,000.00	13,780.00
Interest Income	948.21	1,287.19
Addition support provided to AI during the FY 2021-22	-	(6,11,780.00)
Reimbursement of interest/expenses	(14,574.28)	(30,316.17)
Payment for Reimbursement of interest Debt servicing/expenses	-	(13,780.00)
Repayment of borrowing	(70,000.00)	-
Net Cash From Financing Activities	(13,626.07)	(17,154.98)
Net (Decrease)/Increase in Cash and Cash Equivalents	(9,088.40)	11,119.98
Add: Cash and Cash Equivalents at the beginning of the Year	16,823.19	5,703.21
Cash and Cash Equivalents at the end of the Year**	7,734.79	16,823.19
Component of Cash and Cash Equivalents		
Cash on hand	Nil	Nil
Balance in Current Account	250.81	40.70
Other Deposit Account	7,483.98	16,782.49
	7,734.79	16,823.19

Cash Flow Statement of Entities included in disposal group held for sale

(₹ in million)

Particulars	Year Ended March 31, 2023	Period Ended March 31, 2022
Net Cash Flow(Used in)/ from Operating Activities	4,009.62	10,545.55
Net Cash Flow used in Investing Activities	(1,436.65)	(7,083.29)
Net Cash Flow(Used in)/ from Financing Activities	(5,039.85)	(850.61)
Net Increase/ (Decrease) in Cash and Cash equivalents	(2,466.88)	2,611.65
Cash and Cash equivalents (Opening balances)	3,543.09	931.48
Cash and Cash equivalents (Closing balances)**	1,076.21	3,543.13

* other adjustment represents elimination of revenue & interest income & expenses recoverable from subsidiaries and adjustment in Holding Company's assets and liabilities as a result of elimination between Holding and Subsidiaries.

Impact of elimination has been given in the Cash Flow Statement of Standalone Financial Statements of Holding Company, however subsidiaries signed and certified cash flows data has not been changed.

** Cash & cash equivalent (closing balance) excludes cash & cash equivalent of entities included in disposal group held for sale amounting to ₹ 1,076.21 million.

The Cash Flow Statement has been prepared under the "Indirect 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.

For and on behalf of the Board of Directors

(Asangba Chub)

Chairman and M

DIN 08086220

Place: New Delhi

Date: 15 May 2024



Independent Auditor's Report

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

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) (herein after referred to as "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, 2023, and the Consolidated Statement of Profit & Loss (including Other 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, 2023, and its consolidated loss (including consolidated other comprehensive income), the consolidated statement of 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 viz Hotel Corporation of India Limited whose independent auditor has given a qualified opinion vide their Independent Auditor's Report dated 28th December, 2023. The same is reproduced hereunder:-

Sl No.	Qualifications
1.	<u>Disagreement between Jammu & Kashmir Government & Centaur Lake View Hotel (CLVH)</u>

The Centaur Lake View Hotel (CLVH) dispute involves the Hotel Corporation of India (HCI) and the Union Territory (UT) of Jammu & Kashmir concerning ownership, management, and liabilities related to the hotel property.

The conflict arose from the termination of a management agreement between HCI and BD&P Hotels (Pvt.) Ltd., leading to legal proceedings and disputes between the parties involved. Various notices, appeals, and petitions were filed by HCI across different judicial levels, including District Magistrate, the Hon'ble High Court of J&K, and the Supreme Court.

Government interventions, notably by the Civil Aviation Ministry, attempted to resolve the matter. It culminated in the referral of the dispute to the Administrative Mechanism for Resolution of Disputes (AMRD).

The AMRD resolution plan, dated 17th July 2023, resulted in the transfer of CLVH ownership to the UT of J&K,

UT of J&K took over 145 employees of HCIL working at CLVH

The UT of J&K agreed to assume liabilities as follows:

Sr. No.	Particulars	Rs. In million
1.	Valuation of CLVH at Net Block as of 31 st March, 2023	60.7
2.	Employee liability for the Govt. of J&K from 1 st March, 2023 onwards	175.8*
3.	Salary payments for workers (March-June 2023)	30.8
	Total payable by UT of J&K (Agreed Liabilities)	267.3

* **The Company has not accounted the employee liability for the current financial period which is payable in foreseeable future.**

UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF – Rs. 196.9 million on submission of further justification/ details.

UT of J&K needs further justification/details/documentation for examining the claim of HCI for cost sharing of expenses as on 31st March, 2022 - Rs. 126.1 million on such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.

(Refer note no. 56 of Consolidated Ind - AS Financial Statements)

Attention is drawn to the fact that the figures of CLVH for the year ended 31st March 2023 as reported in the financial Statement obtained from the Books of Accounts made available by the Management without any supporting documents/details and hence the relevant financial year figures has only been reviewed and it subject to audit.

The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at 31st March 2023 and total revenue of Rs. 35.68 million for the year end.

The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the financial statements

Attention is drawn to the fact that the figures of CLVH for the year ended 31st March 2023 as reported in the financial Statement contains the value of Gratuity expense and Provision for Gratuity but does not include the Leave Encashment Expenses and Provision for Sick Leave Liability and Provision for Privilege Leave Liability.

2.

Inventory:

Inventory records and Accounting records are not integrated. Further, there was no system of internal control on inventories on which we could rely for the purpose of our audit. There are no satisfactory audit procedures that we could adopt to obtain sufficient

	<p>and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.</p> <p>Any adjustments that might have been found necessary in respect of the above would have a consequential significant effect on the financial position of the company as at 31st March 2023 and the related disclosures in the financial statements.</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.</p> <p>The category of "Inventories" comprises obsolete stock from CLVH, currently valued at cost, presenting a deviation from the prescribed guidelines of Ind AS-2 "Inventories." According to the standard, such inventory should be valued at the lower of its Net Realisable Value or Cost. It is anticipated that the inventory value at CLVH might be lower than its recorded cost. This discrepancy in valuation methods necessitates immediate attention to ensure compliance with accounting standards. Reviewing and adjusting the valuation approach for obsolete inventory aligns with the principles of Ind AS-2, promoting accuracy and reliability in financial reporting practices.</p> <p><i>(Refer Note 29 of the Consolidated Ind – AS Financial Statements)</i></p>
3.	<p><u>MSMED Act compliances</u></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 MSME 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.</p> <p><i>(Refer Note 31 of the Consolidated Ind – AS Financial Statements)</i></p>
4.	<p><u>Discrepancies in Accounting Records:</u></p> <p>During our comprehensive analysis of the accounting records, a series of discrepancies, incompleteness, and ambiguities have been uncovered. These include instances of incorrect accounting entries, lacking of clarity within the accounting documentation, and the presence of entries assigned to incorrect accounting periods. The identified errors range from misallocated transactions to entries lacking comprehensive supporting information, resulting in a lack of transparency and accuracy in the financial records. The existence of entries attributed to different periods adds complexity and challenges to maintaining the chronological order and coherence of the financial statements. Addressing these discrepancies, ensuring completeness, and clarifying ambiguities are essential to uphold the accuracy and reliability of our financial reporting. Immediate attention and thorough rectification efforts are warranted to reconcile these discrepancies and enhance the integrity of our accounting records.</p>

The impact of above qualifications on Consolidated Ind - AS 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 Consolidated Ind - AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) 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 referred to in the "Other Matters" section below is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind – AS Financial Statements.

3. Emphasis of Matter

We draw attention to: -

A) In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated 30th October 2023.

- (i) Note no. 23 a) & 24.i of the Consolidated Ind AS Financial Statements 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.1,51,908.26 million (i.e after adjustment of Rs.2,523.07 million) as a result differential amount of Rs.6,80,041.32 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 Statements regarding book transfer of the movable and immovable assets of Rs.77,533.76 million on the date of disinvestment through debit note/invoices without having any physical handover-takeover. Further, the title and physical possession of these assets except Airlines House, Kolkata (1 no), Sohni Apartment Kolkata (1 no) and Asian Village Games Apartments (5 nos) are still with the AIL held in trust on behalf of the company.
- (iii) Note no. 23.c.III.a.ii of the Consolidated Ind AS Financial Statements 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 of the Consolidated Ind AS Financial Statements 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 45.i of the Consolidated Ind AS Financial Statements regarding Rs.2,614.34 million (net of advances) shown as recoverable by the company from AIL, whereas AIL has confirmed Rs.1,494.70 million also as recoverable from the company, and differential amount of Rs.4,109.04 million, is stated to be under reconciliation.
- (vi) The Holding Company had charged interest of Rs.4,508.74 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.48,396.76 million from the subsidiaries. Though, the subsidiaries are not able to repay principal of the outstanding recoverable, the Holding Company is charging interest from these subsidiaries @ 9% on average balance. The Holding 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 Holding Company in the form of taxes on such notional income (if the subsidiaries are not able to repay.)
- (vii) The Holding Company had charged interest which is contrary to the requirement of the section 186(7) of the Companies Act, 2013. The Holding Company had charged interest @ 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 9 and 23.c.II of the Consolidated Ind AS Financial Statements regarding non provision as doubtful/impairment against investment in the subsidiaries of Rs.8,179.40 million and outstanding recoverable amounting to Rs.48,396.76 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 45.ii of the Consolidated Ind AS Financial Statements regarding difference of Rs.0.61 million in balances between AIASL and the company as at 31st March, 2023, due to difference in rental and interest on outstanding recoveries.
- Also, the difference of Rs.7.46 million in balances between AAAL and the Company as at 31st March, 2023, due to difference in reimbursement of SBLC charges and interest on outstanding recoveries We report that to that extent, the accounts are unreconciled between the company vis a vis AIASL and AAAL.
- (x) Note 17 of the Consolidated Ind AS Financial Statements, the company has classified Rs.981.22 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 contingent liability which includes demand raised by BSE for amounting to Rs. 2.01 million instead of firm liability as in the opinion of the management this will be waived off.
- (xii) Note 25.vii and 45 (iii) of Consolidated Ind AS Financial Statements regarding certain amount of GST ITC though on GST portal such amount is not appearing. As per information provided to us the amount involved is Rs.53.86 million, in the opinion of the management the company is in the process to get this amount accepted by the GST department.
- (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 45 of the Consolidated Ind AS Financial Statements regarding claim for recovery/adjustment of Rs.2,244.48 million by the then AIL towards interest on identified debts for the period prior to 1st October 2018 (in two parts i.e Rs.955.91 million through recoverable account and Rs.1,288.57 million in AIL settlement account) for which the company has no mandate for the payment/ disbursement of interest for such period i.e prior to 1st October, 2018 as in the opinion of the management such amount is not recoverable/ adjustable by the then AIL.
- (xv) Note 24.ii of the Consolidated Ind AS Financial Statements, regarding accounting of Rs.1,776.88 million (excluding Rs.36.43 million not accepted by the company as these bills pertain prior to the date of disinvestment) subject to verification by the company. The impact on the accounts of such verification/ reconciliation relating to the medical bills and its consequential effects on the state of affairs of the company as on 31st March, 2023 are not ascertainable and hence cannot be commented upon.
- (xvi) Note 29 of the Consolidated Ind AS Financial Statements, regarding physical verification of movable assets carried out by the outside agency is pending for reconciliation. However, as per para 23.c.III.a.iii pending reconciliation and finalization of physical verification report items having value of Rs.460.82 million which has not been verified/ not found is subject to counter/ re-verification and reconciliation by the management. The financial impact on completion of reconciliation is not ascertainable as on date.
- (xvii) Note 26 of the Consolidated Ind AS Financial Statements on disinvestment plan of the subsidiaries, during the year, roadshows has been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Government, though these subsidiaries are classified/ carrying as "Assets included in Disposal group held-for-sale" for a period of more than one year.
- (xviii) Note 23.c.IX of the Consolidated Ind AS Financial Statements Rs.3,000 million was withheld by the then AIL towards the maintenance of 6 aircrafts against which the company had received detail of expenditure of Rs.2,564.78 million, which is adjusted against the amount withheld by AIL. The company had accounted for the above amount, leaving behind unadjusted amount of Rs.435.22 million on the basis of details received by them, in the absence of confirmation from AIL.
- (xix) Note 21 of the Consolidated Ind AS Financial Statements regarding rates & taxes of Rs.571.50 million towards property tax, state levies and stamp duty on provisional basis against certain properties, however accounting of property tax, state levies and stamp duty is yet to be made against certain other properties as the amount is unascertainable/ not known.
- (xx) Note 36 of the Consolidated Ind AS Financial Statements, the Holding Company has not allocated the expenditure on CSR activity as required under section 135 of the Companies Act, 2013 on Corporate Social Responsibility (CSR) for previous years as the company has an obligation to transfer unspent amount to a Fund specified in Schedule VII to the Companies Act within a period of six months of the expiry of the financial year in compliance with second proviso to sub-section (5) of the section 135 of the said Act. As represented by the management, in the absence of the CSR committee/ appointment of Independent Director by the Competent Authority, the allocation/ expenditure on CSR activities relating to earlier years is not made. Such non-compliance may further entails penal provisions under section 135 (7) of The Companies Act, 2013.



B) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 20th December 2023.

- (i) The Company has written a letter to Department of Public Enterprise dated 1st September, 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*
Inventories 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 valuation as per financial books maintained on SAP and actual inventory accounting by separate software "Ramco" is different. In the absence of reconciliation of the value, we are unable to comment as many balances since opening are negative. In inventory no balance can be negative as such company has provided Rs. 500 million provision of shortage of inventory but there is no system of physical verification of inventory.
- (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) Note 45 of the Consolidated Ind – AS Financial Statements, the reconciliation and matching of certain unmatched receivable/recoverable from staff and payables including certain control ledger is in the process.
b) Note 45 of the Consolidated Ind – AS Financial Statements. The Trade receivables, deposits received, deposits paid and trade payable are subject to confirmation.
c) The company is in process of reconciliation of revenue and tax deducted at source as accounted in financials as per 26 AS.
d) Note 45 of the Consolidated Ind – AS Financial Statements, the 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.
- (vii) As per the policy of the company, for the physical verification of PPE, the Company has appointed a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phase manner. The firm has submitted its report dated 17th August, 2022 showing shortage of 41 items having WDV of Rs. 0.83 million and found 2152 excess items. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority. Further, as per report submitted, 1056 number of assets could not be verified due to non-availability of product/assets code to identify the assets code given in the assets list.
- (viii) Prior period expenses to the tune of Rs. 517.49 million and prior period income to the tune of Rs.175.66 million has been booked in previous year 2020-21 and 2021-22. The books of 2020-2021 and 2021-2022 has been restated and consequential adjustments / disclosure has been made in respective years.



C) In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated 14th June 2023.

- (i) Note 52 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 28th December, 2023.

(i) **Amount Receivables:**

Note 45 of the Consolidated Ind – AS Financial Statements, the Company has sent letters/e-mails for confirmation of balances, some responses are received by the management but are subject to reconciliations. However, the whole process of obtaining confirmations need to be further strengthened. Pending such confirmations, reconciliations and/ or assessment, the impact thereof on Consolidated Financial Statements are not ascertainable and quantifiable. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof.

- It has come to our attention that there are potential additional amounts receivable pertaining to CLVH. These amounts, upon proper scrutiny and validation of claims by the concerned authorities, could bolster the current receivables. These potential receivables stem from Revision of Rates for CRPF/BSF and we believe that with careful assessment and verification, these sums could significantly augment overall receivable balance, Revenue as well as Tax impact, if any. We propose a detailed examination and validation process to ensure the accuracy and realization of these prospective receivables and its accounting treatment, ultimately enhancing financial position.
- Regular customers are having debit balance beyond credit policy for which no check chart is prepared for adequate recovery steps, if, taken. After completion of outstanding of 3 years, provision is made treating them as Doubtful debts. However, the recovery process needs be strengthened. Even, the same are not shown as disputable until and unless there are legal proceedings. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment whether the same are disputable/recoverable or not.
- The Company has made provision for Bad & doubtful debts to the on account of legal notice/ cases pertaining to few parties apart from provision made in accordance with the usual policy of the Company.

(ii) **Amount Payables:**

- Note 45 of the Consolidated Ind – AS Financial Statements, company does not follow a proper system of obtaining confirmations and performing reconciliations and/ or assessment of correct balances in respect of amount payable to Trade Payables; Deposits received (SD/EMD); Government Departments and other parties. Accordingly amount payable to various parties are subject to confirmations, reconciliations and/or assessments.
- Pending such confirmations, reconciliations and/ or assessments, impact thereof on the Financial Statements is not ascertainable and quantifiable. In absence of obtaining audit evidence with regards party wise, age wise and reasons for holding the same beyond the period stated in the Company's policy, we are unable to comment on amount payable and periodicity thereof.

- Trade Payables have been bifurcated into two parts i.e., MSME and others and further sub- divided as disputable or otherwise. Disputed trade payables taken only in cases where matter is under litigation. In case of delayed outstanding against MSME/ others, beyond the period of Credit policy of the Company have been considered as undisputable by the management. Assessment for identifying disputable one is not available. In absence of any audit evidence with regards to assessment of disputable or otherwise, we are unable to comment thereon and impact thereof on financial statements.
- (iii) **Unlinked receipts**
- Unlinked receipts from debtors against billing by the Company, which could not be matched with the amount standing to the debit of the receivables is appearing as liabilities "Advance from Customers/Other Advances" in the financial statements of the Company. To that extent, the Trade Receivables and Current Liabilities are overstated.
- (iv) **Loss/shortage of Property, Plant & Equipment**
- Records for 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 (Management represents last inspection was conducted in FY 2019-20).
 - Note 29 of the Consolidated Ind – AS Financial Statements, further, statements wherever, prepared for physical verification has no base and as such verification is not capable of reconciliations either with the Books of Accounts or Fixed Assets Records, wherever, maintained. Hence impact of loss/ shortage/ scrap of assets remains indeterminable.
- v) **Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL**
- Note 22 of the Consolidated Ind – AS Financial Statements, the 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.
- vi) **Provision of Wage Revision of Differential Liability**
- Note 22 & 45 of the Consolidated Ind – AS Financial Statements, the earlier wage agreement was expired on 31st 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 8th August, 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 18th August 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 31st March, 2023 is Rs. 146.36 million. The Management had announced an interim relief of Rs. 5,000/- per month per employee for officers effective from 1st January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 0.88 million as on 31st March, 2023. 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



(Handwritten signature)

employees effective 8th August, 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.

vii) **Legal expense/ interest etc. on contingent liabilities**

Amount indicated as contingent liabilities/ claims against the company reflects basic values. Legal expenses, interest and other costs are not considered being indeterminable as will be booked as and when incurred.

viii) **Non-Compliance of certain provisions of Companies Act**

- 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.
- 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.
- The above non-compliance was also reported us in our previous audit report dated 16th January, 2023 for financial year 2021-2022.

ix) **Internal Control System**

- 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.
- Note 29 & 43 of the Consolidated Ind – AS Financial Statements, regarding laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained.
- The above non-compliance was also reported us in our previous audit report dated 16th January, 2023 for financial year 2021-2022.

x) **Fair value of the financial assets and financial liabilities**

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 in the absence of other required information.

xi) **Going Concern**

Note 52 of the Consolidated Ind – AS Financial Statements, regarding the Company has incurred a net loss of Rs. 685.62 million during the year ended 31st March, 2023 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 607.32 million and it has accumulated losses of Rs. 8200.23 million which has resulted in complete erosion of the net worth of the company. 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.

E) In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- Vide their Auditor's Report dated 19th July 2023.

- (i) Note 59 to the Consolidated Ind – AS Financial Statements, regarding during the year 2022-23, Air India Limited and Alliance Air Aviation Limited has raised an invoice for an amount of Rs. 121.41 million and Rs.



1.61 million respectively towards penalty. However, the same has not been provided in the books of accounts of the company.

- (ii) The Company is charging interest at the rate of 9% p.a. on overdue balances of receivables in respect of group companies, namely, Air India Engineering Services Limited and Alliance Air Aviation Limited. During the audit period, interest on overdue payments amounting to Rs.116.67 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 the current audit period.
- (iii) The Company has inventories consisting of stores and spares gross amounting to Rs. 56.11 million (Provision of Rs. 33.14 million has been made for obsolescence of such inventories). These inventories are transferred from Air India Limited and Air India Engineering Services Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company and hence, no further adjustments are required for the audit period.
- (iv) Note 50 to the Consolidated Ind – AS Financial Statements, 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 a foreclosure clause in the contract wherein it is cancellable by providing notice period of 90 days by either side. In view of the management, considering it as cancellable lease, the same does not qualify for recognition under Ind AS 116 Lease Accounting.

Pending evaluation, these leases have not been considered as right-of-use asset under Ind AS 116 and rent of the same has been charged systematically to the statement of profit & loss for the current year. We have relied on the management contention that the impact of the same will not be material.
- (v) The Company has provided interest amounting to Rs. 35.69 million at the rate of 9% p.a. to AIAHL on average of outstanding balance payable.
- (vi) Note 45 to the Consolidated Ind – AS Financial Statements, amounts receivables from and payables to the various parties are subject to confirmation and reconciliation.
- (vii) Note 33 to the Consolidated Ind – AS Financial Statements, Go Airlines India Limited has submitted their application to NCLT for insolvency resolution process and accordingly NCLT has accepted the application and initiated the insolvency process vide order dated 10th May 2023 and now company has filed its claim amounting Rs 220.35 million as on 31st March 2023 (including interest amounting Rs. 11.27 million and accordingly company has made the 100% provision of the receivables excluding interest in ECL).

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

4. 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, 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>In respect of Holding Company,</p> <p>Transactions relating to disinvestment of Air India Limited <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 Ind AS financial statements: -</p>	
	<p>In terms of decision of Government of India for financial assistance to the then AIL for the disinvestment, the company had transferred Rs.8,31,949.58 million during the year 2021-22 (excluding Grant of Rs.1,46,296.70 million inclusive of Rs 72,000 million received from Gol during the year), against this assets/liabilities/monetization proceeds for Rs.1,51,908.26 million (after adjustment made for current year proceeds/adjustment for Rs 2,523.07 million) were transferred by the then AIL till 31st March 2023. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.32 million as separate line item under "Equity & Liabilities" as on 31st March 2023. Further, AIL has not provided the details of above balance amount and detail of current assets equal to current liabilities retained by AIL in their books.</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>Independent Director under Companies Act, 2013 <i>(Refer Note 39 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 non-compliance of the statutory requirements under the provisions of the Companies Act, 2013 -</p>	



	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.
3	<p>Utilization of Grants</p> <p>(Refer Note 24 to the Consolidated 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 in the Consolidated Ind AS financial statements -</p>	
	Grant in aid received from Govt. of India of Rs.2,000 million towards servicing of interest for the three NCDs series of Rs.2,19,850 million issued by the company and Rs.70,000 million towards redemption of 6.99% Series – 1 NCD's due on 16.12.2022.	<p>Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.</p> <p>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.</p> <p>The Budgetary support / grant of Rs.2,000 million received during the year is accounted as "other income" to the extent of the equivalent amount expensed off during the year. The Budgetary Support of Rs.70,000 million received during the year is accounted as part of "Equity" as separate line item in the Consolidated Ind AS financial statements.</p>
	Grant in aid received from Government of India of Rs.1,250 million for medical expenses and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.

		In line of the medical scheme for retired and retiring employees of the then AIL, Government of India vide letter dated 28 th March, 2023 released grant of Rs. 1,250 million to be utilized for the purpose of medical expenses of such retired and retiring employees.
4	<p>(Refer Note 23 to the Consolidated Ind AS financial statements)</p> <p>We consider this matter to be of most significance in our audit due to the materiality of the non availability of Tripartite Share Purchase Agreement (SPA) -</p>	
	<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>
	<p>In respect of Subsidiary Companies:</p> <p>Hotel Corporation of India Limited</p>	
5.	Going Concern	
	<p>The company is in loss, net worth is fully eroded, going concern needs to be examined</p>	<p>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 up to 31st December, 2024 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 1st May 2025 which ensures that company will be able to run its business as going concern in near future.</p> <p>(Refer Note 52 of the Consolidated Ind – AS Financial Statements).</p>

		<p>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.</p> <p>Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level.</p> <p>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.</p>
6.	<p>Contingent Liabilities:</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 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"> - understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases; - 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;

		<ul style="list-style-type: none"> - examining management's judgements and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote - reviewing the adequacy and completeness of disclosures <p>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable</p>
7.	Uncertain Taxation Matters The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes.	<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>
8.	Other Matter – Goods and Service Tax	<p>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 appropriate records.</p> <p>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 appropriate records.</p> <p>In both the above cases, GST liability has not been provided which will impact on the results of Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records.</p>

In respect of Subsidiary Companies:	
AI Engineering Services Limited	
9.	<p>Inventory valuation and Accounting Inventory accounting has been maintained on "Ramco" software whereas financial records are maintained in SAP. Inventory valuation has been taken on weighted average method of Rs. 604.39 million as per SAP has many entries in negative since 1st April 2022 which is not acceptable in accounting. Management has provided provision of Rs. 500 million. On estimation basis which will impact the other accounting effect which cannot be ascertained. On the basis of above observation, we are unable to comment of its implication and other effects in the other accounts as inventory transferred by AIL has not been physically verified.</p>
10.	<p>The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of Air India Limited including eligible permanent employees of AIESL post disinvestment. As per the scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions. AIESL has written back Rs. 2334.2 million of medical expenses provided in earlier years. This is sizeable amount taken as liability in earlier years.</p>



11.	AIESL has changed income tax filing from old regime to new regime and has filed income tax return on 30 th October 2023 with net income and has claimed refund of Rs. 860.8 million which has been taken defective by income tax department. Now company has made provision of income tax payable Rs. 339.0 million Figures of the balance filed along with income tax return are not matched with audited balance sheet figures as such we are unable to comment of the consequence of such filing.	
-----	---	--

5. Other matters

- (i) We did not audit the financial statements/ financial information of four subsidiaries included in the Consolidated Ind – AS Financial Statements, whose financial statements reflects the total assets (classified under Asset included in disposal group held for sale) as at 31st March, 2023, total revenue and net cash inflow/ (outflow) for the period ended on that date as considered in the consolidated financial statements.

(Rs. in million)

Name of the Subsidiary	Total Assets	Net Assets	Total Revenues	Net Cash Inflows/(Outflow)
Alliance Air Aviation Ltd (AAAL)	31,258.02	(36,643.24)	11,049.59	4.51
AI Engineering Services Limited (AIESL)	22,264.46	(7,900.20)	20,298.61	(2,171.57)
Hotel Corporation of India (HCI)	776.90	(6,824.23)	547.32	(44.07)
AI Airport Services Ltd (AIASL)	10,739.84	4,230.70	9,322.98	(255.75)

- (ii) These financial statements have been audited by other auditors whose reports have been furnished to us by the Holding Company's Management and our opinion on the Consolidated Ind – AS 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 Ind - AS 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.

Our opinion on the Consolidated Ind – AS financial statements is not modified in respect of the above matters.

6. Information other than the Consolidated Ind – AS 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 during the course of our 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 and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

7. Management responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's management and 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 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 Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended. The respective Board of Directors of the Companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 the 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 Consolidated Ind – AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purposes of presentation of the Consolidated Ind – AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the Consolidated Ind – AS Financial Statements, the Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group's 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 companies included in the Group are also responsible for overseeing the financial reporting process of the Group.



8. Auditor's Responsibilities for the Audit of the Consolidated Ind – AS 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 Consolidated Ind – AS 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 Holding Company and its subsidiaries have adequate internal financial controls with reference to the Consolidated Ind – AS Financial Statements 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 Group'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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Consolidated Ind – AS Financial Statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Ind – AS Financial Statements. We are responsible for the direction, supervision and performance of the audit of the Consolidated Ind – AS Financial Statements of such entities included in the Consolidated Ind – AS Financial Statements of which we are the independent auditors. For the other entities included in the Consolidated Ind – AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.



Materiality is the magnitude of misstatements in the Consolidated Ind – AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the Consolidated Ind – AS 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 Consolidated Ind – AS Financial Statements.

We communicate with those charged with governance of the Holding Company 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 Consolidated Ind – AS 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.

9. 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 and on the consideration of report of the other auditors 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 – A**, a statement on the matters specified in paragraph 3(xx1) of the Order.
2. 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 noted 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 Ind – AS 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 Ind – AS 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 Ind – AS Financial Statements.



- d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards (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.
- e) In view of exemption given vide notification no. GSR 463(E) dt. 5th 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 of the Holding Company and its subsidiaries and the operating effectiveness of such controls, refer to our separate Report in '**Annexure B**' which is based on the Auditor's Reports of the Holding Company and its Subsidiary Companies.
- 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 5th 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 Ind – AS Financial Statements disclose the impact of pending litigations as at 31st March, 2023 on the consolidated financial position of the Group in the note number 22 of the Consolidated Ind AS 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



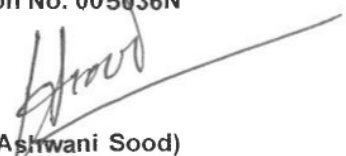
manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

(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 or other auditor's 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.
- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of accounts using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f 1st April, 2023 to the Company, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ending 31st March, 2023.

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




(Ashwani Sood)
Partner
M. No. 084242
UDIN:

24084242BKBJTN9488

Place: New Delhi

Date:

15/05/2024

ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our Independent Auditor's 'Report of even date to the members of AI Assets Holding Limited (formerly Air India Assets Holding Limited) on the Consolidated Ind – AS Financial Statements for the year ended 31st March, 2023

With respect to the matters specified in paragraph 3 (xxi) of the Companies (Auditors Report) Order, 2022 (the "order/CARO") we state that:

Qualifications or adverse remarks in the Companies (Auditors Report) Order (CARO) reports of the Holding and four subsidiaries are hereunder included in the Consolidated Ind – AS 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	U74999DL2018GO1328865	Holding Company	(i) (a) (A) (i) (b) (i) (c) (iii) (b) (iii) (c) (iv) (xiv) (a)
2.	Alliance Air Aviation Limited	U51101DL1983GOI016518	Subsidiary Company	(ii) (a) (vii) (a) (vii) (b)
3.	AI Airport Services Limited	U63090DL2003PLC120790	Subsidiary Company	(i) (a) (A) (i) (b) (ii) (a) (vii) (a) (vii) (b)
4.	AI Engineering Services Limited	U74210DL2004GOI125114	Subsidiary Company	(i) (a) (i) (i) (c) (i) (d)

				(ii) (a) (vii) (a) (vii) (b) (viii) (xiv) (a) (xiv) (b)
5.	Hotel Corporation of India Limited	U55101DL1971GOI394499	Subsidiary Company	(i) (a) (A) (i) (b) (i) (c) (ii) (a) (vii) (a) (vii) (b) (xiii) (xiv) (b)

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



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

24084242BKBJTN9488

Place: New Delhi

Date: 15/05/2024

ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 2(f) under the Heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date to the members of AI Assets Holding Limited (formerly Air India Assets Holding Limited) on the Consolidated Financial Statements for the year ended 31st March, 2023.

Report on the Internal Financial Controls with reference to the Consolidated Ind – AS Financial Statements 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 31st March, 2023 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 and its subsidiary Companies are 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 (ICAI). 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 Holding 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") issued by ICAI 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 with reference to Consolidated Ind – AS Financial Statements 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 with reference to Consolidated Ind – AS Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Consolidated Ind – AS Financial



Statements included obtaining an understanding of internal financial controls with reference to Consolidated Ind – AS Financial Statements, 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 Consolidated Ind – AS 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" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to Consolidated Ind – AS Financial Statements of the Holding Company and its subsidiary companies.

3. Meaning of Internal Financial Controls Over Financial Reporting with reference to Consolidated Ind – AS Financial Statements

A company's internal financial controls with reference to Consolidated Ind – AS Financial Statements 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 controls with reference to Consolidated Ind – AS Financial Statements 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 Consolidated Ind – AS 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 with reference to Consolidated Ind – AS Financial Statements

Because of the inherent limitations of internal financial controls with reference to Consolidated Ind – AS Financial Statements, 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 with reference to Consolidated Ind – AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated Ind – AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 20th December 2023 has identified the following weaknesses:



According to the information and explanation given to us and based on our audit, the following weaknesses have been identified as at 31st March, 2023.

- 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. There are lot of repetitive corrective entries which should be avoided.
- (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 conducted by chartered accountant firm wherein scope of audit work is not exhaustive as per size and volume business done by company. Compliance of internal audit report is still pending and hence we are unable to comment on any consequential effect in the books of accounts of company. We suggest that internal audit reports along with compliance may be placed before Audit Committee of Board at regular interval.

5. MATERIAL WEAKNESS

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

6. Qualified Opinion

A. In respect of Hotel Corporation of India (Subsidiary)- vide their Auditor's Report Dated December 28, 2023 has expressed qualified opinion

According to the information and explanation given to us, the Company has not established its internal financial control over financial reporting on criteria based on or considering the essential components of internal control stated in the Guidance Note on the Audit of Internal financial controls over financial Reporting issued by the Institute of Chartered Accountants of India. Because of this reason, we are unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion whether such internal controls over financial reporting and whether such internal financial controls were operating effectively as at March 31, 2023.

Material Weaknesses

Accordance to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2023 with regards to :-

Non-compliance of MSMED Act; 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



28

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-recruitment of employees and rotation of duties; No direct integration of inventory software (eg. champagne) and revenue billing (Portal) Software with that of the accounting software "Tally ERP".

A material weakness is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, which confirms a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on timely basis.

B. In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- Vide their Auditor's Report dated 19th July 2023 has expressed qualified opinion/ weaknesses :

According to the information and explanation given to us and based on our audit, the following material weaknesses have been identified as at 31st March, 2023

- (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 needs to be strengthened 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 done 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 was not interfaced In SAP from MBS software.
- (f) While creating new customer ledger KYC Documents shared with the department are incomplete.
- (g) No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipment's & Others)
- (h) Records of procurement of material by MMD are not fully automated and maintained manually.
- (i) Records of Ramp Assistance Form (RA Forms) issued are not fully automated and maintained manually. There are no records of the Ramp Assistance Form (RA Forms) for which invoices have not been issued. Such controls should be further strengthened.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over



financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion and based on the audit reports of the competent auditors made available to us on which we had placed reliance, 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 Consolidated Ind – AS Financial Statements and such internal financial controls with reference to financial statements were operating effectively as at 31 March 2023, based on the internal controls with reference to financial statements criteria established by the Group 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 Ind – AS Financial Statements as at and for the year ended 31st March 2023 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 Ind – AS 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 controls with reference to Consolidated Ind – AS Financial Statements in so far it relates to four subsidiaries is based on the corresponding reports of the auditors of respective subsidiaries and we have relied on the same.

Place: New Delhi

Date:

15/15/2024

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









(Ashwani Sood)
Partner
M. No. 084242
UDIN:

24084242BKBJJN9488

**Statement on Impact of Audit Qualifications (for audit report with modified opinion)
submitted along-with Annual Audited Financial Results - (Consolidated)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023

(in millions)				
I.	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)
	1.	Turnover / Total income	7209.08	N.A
	2.	Total Expenditure	17773.08	
	3.	Net Profit/(Loss)(Including Net Profit from entities included in disposal group- "help for sale")	(4944.79)	
	4.	Earnings Per Share	(0.08)	
	5.	Total Assets	154799.13	
	6.	Total Liabilities	154799.13	
	7.	Net Worth	(56176.60)	
	8.	Any other financial item(s) (as felt appropriate by the management)	-	
II.	Audit Qualification (each audit qualification separately): a. Details of Audit Qualification: As per Audit Report dated 15.05.2024 b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.a e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same Qualifications are about accounting systems- impact unascertainable (iii) Auditors' Comments on (i) or (ii) above: Unascertainable			
III.	Signatories: <div><div><div>• CEO/Managing Director</div><div></div></div><div><div>• CFO</div><div></div></div><div><div>• Audit Committee Chairman</div><div></div></div><div><div>• Statutory Auditor</div><div></div></div></div> <div><div> FRN : 005036N</div><div></div></div> <div><div>Date:15.05.2024 Place: New Delhi</div></div>			

(Rs. In millions)

Related party transactions

Additional disclosure of related party transactions - applicable only in case the related party transaction relates to loans, inter-corporate deposits, advances or investments made or given by the listed entity/subsidiary. These details need to be disclosed only once, during the reporting period when such transaction was undertaken.																					
Sr No	Details of the party (listed entity /subsidiary) entering into the transaction		Details of the counterparty				Type of related party transaction	Details of other related party transaction	Value of the related party transaction approved by the audit committee	Remarks on approval by the committee	Value of transaction during the reporting period	In case monies are due to either party as a result of the transaction		In case any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments			Details of the loans, inter-corporate deposits, advances or investments				Notes
	Name	PAN	Name	PAN	Relationship of the counterparty with the listed entity or its subsidiary	Opening balance						Closing balance	Nature of indebtedness (loan/issuance of debt/any other)	Details of other indebtedness	Tenure	Rate (%)	Interest/advance	Secured / unsecured	Purpose for which the funds are used		
1	AI Assets Holding Limited	AAQCA4703M	AI Airport Services Limited (AIASL)	AAECA6186G	Wholly Owned Subsidiary	Investment	NA		1384.24	NA	0.00	1384.24	1384.24	NA	NA	NA	NA	NA	NA	AI/AHL is incorporated as SPV for the purpose of Disinvestment of Air India. It has no business/commercial activity. All transactions were transferred from Air India as per the disinvestment plan of GOI. It has no related party transactions which pertain to commercial activities. However, the figures mentioned here, are as per the audited financials and all the transactions were entered with Government owned Subsidiary Company and wholly owned Subsidiary Company.	
2	AI Assets Holding Limited	AAQCA4703M	AI Airport Services Limited (AIASL)	AAECA6186G	Wholly Owned Subsidiary	Any other transaction	Recoverable Interest O/s		386.56	NA	0.00	386.56	386.56	NA	NA	NA	NA	NA	NA		
3	AI Assets Holding Limited	AAQCA4703M	AI Airport Services Limited (AIASL)	AAECA6186G	Wholly Owned Subsidiary	Any other transaction	Recoverable @9% PA		43.15	NA	18.37	24.78	43.15	NA	NA	NA	NA	NA	NA		
4	AI Assets Holding Limited	AAQCA4703M	AI Airport Services Limited (AIASL)	AAECA6186G	Wholly Owned Subsidiary	Any other transaction	Rental and Other Recoveries (Rev)		6.96	NA	6.96	0.00	0.00	NA	NA	NA	NA	NA	NA		
5	AI Assets Holding Limited	AAQCA4703M	AI Airport Services Limited (AIASL)	AAECA6186G	Wholly Owned Subsidiary	Any other transaction	Manpower Charges (Exp)		1.52	NA	1.52	0.00	0.00	NA	NA	NA	NA	NA	NA		
6	AI Assets Holding Limited	AAQCA4703M	AI Engineering Services Ltd (AIESL)	AAECA9618L	Wholly Owned Subsidiary	Investment	NA		1666.67	NA	0.00	1666.67	1666.67	NA	NA	NA	NA	NA	NA		
7	AI Assets Holding Limited	AAQCA4703M	AI Engineering Services Ltd (AIESL)	AAECA9618L	Wholly Owned Subsidiary	Any other transaction	Recoverable Interest O/s		21164.86	NA	-1689.23	21164.86	19475.63	NA	NA	NA	NA	NA	NA		
8	AI Assets Holding Limited	AAQCA4703M	AI Engineering Services Ltd (AIESL)	AAECA9618L	Wholly Owned Subsidiary	Any other transaction	Recoverable @9% PA		2272.83	NA	915.27	1357.56	2272.83	NA	NA	NA	NA	NA	NA		
9	AI Assets Holding Limited	AAQCA4703M	AI Engineering Services Ltd (AIESL)	AAECA9618L	Wholly Owned Subsidiary	Any other transaction	Rental and Other Recoveries (Rev)		514.94	NA	514.94	0.00	0.00	NA	NA	NA	NA	NA	NA		
10	AI Assets Holding Limited	AAQCA4703M	AI Engineering Services Ltd (AIESL)	AAECA9618L	Wholly Owned Subsidiary	Any other transaction	Manpower Charges (Exp)		15.05	NA	15.05	0.00	0.00	NA	NA	NA	NA	NA	NA		
11	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Investment	NA		4022.50	NA	0.00	4022.50	4022.50	NA	NA	NA	NA	NA	NA		
12	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Any other transaction	Recoverable Interest O/s		23602.28	NA	0.00	23602.28	23602.28	NA	NA	NA	NA	NA	NA		
13	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Any other transaction	Recoverable @9% PA		2552.21	NA	1101.53	1450.68	2552.21	NA	NA	NA	NA	NA	NA		
14	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Advance	Adv @1% PA		562.50	NA	0.00	562.50	562.50	NA	NA	NA	NA	NA	NA		
15	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Any other transaction	Interest on Adv @1% PA		6.66	NA	2.83	3.83	6.66	NA	NA	NA	NA	NA	NA		
16	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Any other transaction	Rental and Other Recoveries (Rev)		2.03	NA	2.03	0.00	0.00	NA	NA	NA	NA	NA	NA		
17	AI Assets Holding Limited	AAQCA4703M	Alliance Air Aviation Limited (AAAL)	AAACA1517B	Wholly Owned Subsidiary	Any other transaction	Reimbursement		33.48	NA	5.75	27.73	33.48	NA	NA	NA	NA	NA	NA		
18	AI Assets Holding Limited	AAQCA4703M	Hotel Corporation of India	AAACH2768R	Wholly Owned Subsidiary Company	Investment	NA		1106.00	NA	0.00	1106.00	1106.00	NA	NA	NA	NA	NA	NA		

नई दिल्ली
New Delhi

आसSETS HOLDING



