November 18, 2025

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

Dear Sir/ Madam,

**Subject: Submission of Annual Report for the FY 2023-24.**

We are herewith submitting the Annual Report for FY 2023-24 of AI Assets Holding Limited as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Above may be treated as provisional Annual Report and final will be uploaded after adoption of the same in both houses of parliament.

Kindly take the above in your record.

Yours faithfully,

**For AI Assets Holding Limited**

Kavita Digitally signed by Kavita Date: 2025.11.18 18:57:28 +05'30'

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

# AI ASSETS HOLDING LIMITED

# ANNUAL REPORT

# 2023-2024

## GROUP OF COMPANIES

एआई एयरपोर्ट सर्विसेज़
AI AIRPORT SERVICES

AI ENGINEERING SERVICES LIMITED

एलाइंस एअर
ALLIANCE AIR
Connecting India

# AI ASSETS HOLDING LIMITED

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS (as on 24.10.2025)

1. Shri Amit Kumar, Chairman and Managing Director
2. Shri Padam Lal Negi
3. Shri Manoj Kumar
4. Shri Shobhit Gupta
5. Shri Baldeo Purushartha
6. Smt.Smitha Mol MS

**CHIEF FINANCIAL OFFICER**
Shri Rajiv Kapoor

**COMPANY SECRETARY**
Smt. Kavita Tanwar

**STATUTORY AUDITORS**
Kumar Mittal & Co.
Chartered Accountants
New Delhi

**NCD BONDS LISTED ON**
BSE Limited

**REGISTRAR AND SHARE TRANSFER AGENT**
1. Link Intime India Pvt. Ltd
2. KFin Technologies Limited

**DEBENTURE TRUSTEE**
IDBI Trusteeship Services Limited

**BANKER**
State Bank of India, New Delhi

**REGISTERED OFFICE**
AI Administration Building,
2nd Floor, Safdarjung Airport, New Delhi-110003
Telephone no.:011-24690422
Email: company.secretary@aiahl.in
www.aiahl.in

## Chairman's Message



**Dear Shareholders,**

It is my privilege to present the 6th Annual Report of the Company for the year 2023-24. I would like to thank each one of you for making it convenient to attend this meeting.

I take this opportunity to share the performance highlights of the company during the year:

## Financial Performance

The financial performance of your company and the group during FY 2023-24 was as under:

### Standalone Financials

During the financial year 2023-24, the Company recorded a Profit Before Tax of ₹ 1,086.67 million and a Profit After Tax of ₹ 4,847.11 million, after accounting for a Deferred Tax Income of ₹ 3,760.44 million arising from carry-forward losses of previous year. In comparison, the previous year (FY 2022-23) reflected loss of ₹ 5,512.16 million.

This improvement was primarily due to net decrease in expenses in FY 2023-24 compared to FY 2022-23 amounting to ₹ 4,544.21 million. This was mainly attributable to lower finance costs due to the full-year impact of the repayment of NCD Series-1 in December 2022, reduced medical expenses compared to the previous year, and higher provisioning for stamp duty and registration charges during the year compared to previous years' provisions for immovable properties under title transfer from Air India.

### Consolidated Financials for AIAHL and Group Companies

The Consolidated Financial Statements represent consolidation of Company's financials with the financials of four Subsidiary Companies viz. AI Engineering Services Limited (AIESL), AI

Airport Services Limited (AIASL), Alliance Air Aviation Limited (AAAL) and Hotel Corporation of India Limited (HCIL). The Consolidated Net profit of the AIAHL group for FY 2023-24 is ₹ 900.80 million compared to Previous year Net Loss after tax of ₹ 4944.79 million.

The consolidated results reflect a net profit in the current year over the previous year's losses, primarily due to the improved financial performance of the holding company, AIAHL, on a standalone basis, as noted above. This was achieved despite the net consolidated results from the discontinued operations of the subsidiary companies showing lower total profits by ₹4,253.61 million in the current financial year compared to previous financial year 2022-23.

**AI Engineering Services Limited (AIESL), a wholly owned subsidiary** - During FY 2023-24, the total revenue increased from ₹ 20,447.83 million in the previous financial year to ₹ 21,803.53 million in the current year i.e., an increase of approx. ₹ 1355.70 million (which is 7% higher than the previous year). The total expenditure of the company increased from ₹ 14,188.11 million to ₹15,524.50 million in the same period. The Company has registered a Net profit of ₹ 2,357.28 million in FY 2023-24 as compared to Net profit of ₹ 6,444.35 million in FY 2022-23. The lower profits were due to a one-time provision made for arrears of implementation of 3rd PRC for employees for ₹ 2,532.60 million.

**AI Airport Services Limited (AIASL), a wholly owned subsidiary** - During FY 2023-24, the total revenue of the Company was ₹ 8,759.78 million as against the total revenue of ₹ 9,322.98 million during 2022-23. The total expenses were ₹ 7,988.73 million as against expenses of ₹8,350.01 million during FY 2022-23. Profit Before Tax during the year ended 31st March 2024 was ₹ 771.05 million against the Profit Before Tax of ₹ 972.97 million during FY 2022-23. The Company has registered a Net Profit of ₹ 530.81 million as against the Restated Net Profit of ₹ 619.35 million in FY 2022-23.

**Alliance Air Aviation Limited (AAAL)**, **a wholly owned subsidiary -** During FY 2023-24, the total revenue of the Company was ₹ 9625.53 million as against the total revenue of ₹ 11049.59 million during previous year FY 2022-23. The total expenses were ₹ 15,835.73 million as against expenses of ₹ 16,715.32 million during the previous year FY 2022-23. The Company registered a Net loss of ₹ 6195.58 million as compared to a Net Loss of ₹ 5657.72 million in the FY 2022-23.

**Hotel Corporation of India Limited (HCIL), subsidiary -** During FY 2023-24, the overall revenue has increased to ₹ 632.17 million from ₹ 547.32 million of the previous financial year 2022-23, whereas the total expenses were lower at ₹ 1246.44 million compared to ₹ 1251.15 million of previous year 2022-23. The Company registered a Net Loss of ₹ 638.85 million as against ₹ 685.62 million in the FY 2022-23.

## Operational Performance

### Standalone performance

During the year, the Company earned rental income of ₹ 1193.82 million and realized monetization proceeds of ₹ 623.60 million through monetization of properties.

AIAHL has utilized Government grant funds net of receipts from monetization proceeds, rental income, interest on FDRs, etc., thereby reducing the overall withdrawal of Government grant funds for repayment of Government Guaranteed NCDs aggregating ₹1,49,850 million.

It is further noteworthy that AIAHL contributed to the Exchequer through payments of GST amounting to ₹138.24 million during FY 2023–24.

**Subsidiaries Performance**

**AI Engineering Services Limited**, during FY 2023-24, significantly expanded its service portfolio. The Company provided line maintenance services to Air India, Air India Express, Fly91, Alliance Air and various international operators including Kuwait Airways, Singapore Airlines, Quikjet, Pradhan Air, Manta Aviation, M Jets International, Buddha Air, Drukair and Akasa Air. Base and engine maintenance services were extended to major customers such as Air India, Air India Express, Alliance Air, IAF, SpiceJet, Fly91, Quikjet, Tashi Air, Global Aerotech, WLFC, Sojitz India Pvt. Ltd. and Vman Aviation Services. AIESL also supported leading lessors including ICBC, Jackson Square Aviation, CCB Leasing and Aviation Capital Group by undertaking aircraft maintenance, storage recovery, RTS, re-delivery, BSI, and engine preservation at Delhi and Mumbai.

AIESL has approval from 15 foreign Civil Aviation authorities namely EASA, FAA, Qatar, Kuwait, GACA (UAE), CAA Singapore, CAA Sri Lanka, CAA Nepal, CAA Malaysia, CAA of Bangladesh, PACA Oman, CAA of Egypt, etc. AIESL has applied for approval of CAA of Brunei.

AIESL (Northern Region) has undertaken capability enhancement for CFM LEAP-1A engine checks to cater to future demand. Similarly, in the Western Region of AIESL, agreement for Phase1 Check of Pratt & Whitney engines was completed for PW1100 engines of Airbus NEO aircraft. In Nagpur MRO, Engine Test Cell has acquired approvals from EASA & FAA for testing of GEnx & GE90 engines. The GEnx engines require a QT (Quick Turn) maintenance check, at Nagpur MRO, we have carried out 4 QT checks. In other Regions like Southern Region and Eastern Regivon capability enhancement has been undertaken considering the future demands of ATRs and NEO & MAX aircraft which would be operated by Airlines in future. The company became the only MRO in India with the expertise to Overhaul Landing Gears of B737 and A320 aircraft.

**AI Airport Services Limited**, during FY 2023–24, reinforced its position as the largest Ground Handling Agency in India with operations at nearly 150 airports and a market share of 47%. The Company achieved its highest-ever performance by handling 2,20,722 flights, including 1,19,343 AI Group and Alliance Air flights, 56,123 flights of scheduled client airlines, 21,983 flights of non-scheduled operators, and 441 Haj flights. AIASL also strengthened its cargo operations by managing international warehouses at Mumbai and Chennai, securing RA and RA3 accreditations to facilitate carriage of cargo to the UK and Europe and other EU countries. As the sole ground handling agency for VVIP/SESF flights of the Hon’ble President, Vice President, Prime Minister, and defence forces, the Company also expanded its defence handling operations in collaboration with HAL. In addition, AIASL embarked on a major Ground Support Equipment modernization programme, gained international recognition and awards from Cathay Cargo and Myanmar Airways, was honoured as the “Best Ground Handling Services Provider” at Wings India 2024 by FICCI, and was recognized by SF Airlines and at Chennai Airport for outstanding service, further consolidating its reputation as a trusted and globally aligned ground handling partner.

**Alliance Air Aviation Limited**, during FY 2023–24, continued to strengthen its role as India's leading regional carrier under the RCS-UDAN scheme. Alliance Air successfully operated 139 out of 165 awarded routes, reaffirming its leadership position in regional aviation. During the year, AAAL launched new regional connectivity sectors including Amritsar–Kullu–Amritsar, Delhi–Bathinda–Delhi, Bengaluru–Salem–Bengaluru, Salem–Kochi–Salem, and Amritsar–Shimla–Amritsar, thereby extending vital air services to underserved regions. Further, under the Viability Gap Funding (VGF) support extended by the State Governments of Chhattisgarh and Uttarakhand, Alliance Air commenced flights on routes suggested by these State Government's. The suggested routes not only bridge distances but also bring essential connectivity to regions with limited access. Alliance Air won Wings India 2024 Award for best airline under Regional Connectivity.

**Hotel Corporation of India Limited**, during FY 2023–24, delivered a improvement in performance, recording a 15.5% growth in revenues as against the previous year. EBITDA margins expanded by 75.18%, supported by higher demand and operational efficiencies, while the Flight Kitchen segment turned profitable with an operating profit of ₹4.8 crore. Focused cost-control measures, including minimizing wastage, enhancing process efficiency, and rationalizing manpower, enabled the Company to reduce operating costs by 19.68%, thereby narrowing the Gross Operating Loss as compared to FY 2022–23. These results reflect the Company's sustained efforts to expand its client base and improve efficiency.

**Future Plans**

By utilizing internal receipts (rental income, monetization proceeds, interest on FDRs), AIAHL shall further lower the requirement for budgetary support in the years to come. Over time, increased monetization of non-core assets shall create sustainable cash inflows that shall partly finance debt obligations which is the obligation of erstwhile Air India post disinvestment.

Improvement in the operations of Subsidiary Companies viz. AIASL, AIESL, AAAL and HCI, together with AIAHL's efficient utilization of internal resources, is progressively enhancing the Group's value, reducing dependence on Government support, and contributing greater value to the Government of India.

As decided by the Government, AIAHL is in the process of disinvestment of its subsidiaries, namely AIESL, AIASL, and AAAL, in accordance with the due process of disinvestment under the guidance of the Department of Investment and Public Asset Management (DIPAM) and with the involvement of the concerned Ministries/Departments of the Government of India.

The monetization process of AI transferred assets is actively pursued with the relevant agencies and authorities by the company. Similar actions for identification, disposal, transfer, utilization, accounting of large number of non-core assets are also being pursued through constant interactions with the relevant local authorities.

**Corporate Governance**

Company believes in strong corporate governance and transparency. The Company ensures transparency in its working and reporting matters and following the guidelines on Corporate Governance issued by Department of Public Enterprises (DPE) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable during the year.

## Acknowledgement

I take this opportunity to thank the Government of India, especially Ministry of Civil Aviation and Ministry of Finance for their unstinted support. I also acknowledge the support extended by AAI, DGCA, BCAS, AERA and Airport Operating Agencies.

I would like to thank my colleagues on the Board of AIAHL and all the Subsidiaries for their valuable contribution and guidance.

I would like to place on record my appreciation of CEOs of all the Subsidiaries and employees for the dedication and hard work put in by all of them.

I look forward to their continued support to improve the performance of the Group in the future.

**Amit Kumar**
Chairman & Managing Director

# DIRECTORS' REPORT

To
The Members,
AI Assets Holding Limited.

The Directors of your Company present the 6th Annual Report together with the Audited Financial Statements, the Statutory Auditor's Report and the Comments of Comptroller and Auditor General of India on the Annual Accounts for the year ended 31st March, 2024.

## 1. FINANCIAL PERFORMANCE

**(₹ In million)**

| Particulars | 2023-24 Standalone | 2022-23 Standalone | 2023-24 Consolidated | 2022-23 Consolidated |
|---|---|---|---|---|
| Total Income | 14,317.08 | 12,262.46 | 9,089.21 | 7,209.08 |
| Total Expenses | 13,230.41 | 17,774.62 | 13205.73 | 17,773.08 |
| Profit/(Loss) before exceptional Items, Tax & Comprehensive Income | 1,086.67 | (5,512.16) | 4116.52 | (10,564.00) |
| Exceptional Items | - | - | - | - |
| Profit/(Loss) before Tax | 1,086.67 | (5,512.16) | 4116.52 | (10,564.00) |
| Less: Tax expense *Deferred tax | (3,760.44) | | - | - |
| Profit/(Loss) for the year (A) | 4,847.11 | (5,512.16) | 4116.52 | (10,564.00) |
| Profit/(loss) from the entity included in disposal group held for sale (a) | - | - | 2833.80 | 8,100.04 |
| Tax expense of entities included in disposal group held for sale (b) | - | - | 1500.92 | (2,513.55) |
| Profit/(loss) from the entity included in disposal group held for sale (a &b) (B) | - | - | 1332.88 | 5,586.49 |
| Net Profit/(Loss) for the year after tax C= (A-B) | 4,847.11 | (5,512.16) | 976.80 | (4,977.51) |
| Total Comprehensive income (D) | - | - | (76) | 32.72 |
| Total Comprehensive income /(loss) for the year E=(C-D) | 4,847.11 | (5,512.16) | 900.80 | (4,944.79) |

**Deferred tax asset of Rs. 3760.44 million created based on the carry forward of previous year losses.*

During the financial year 2023-24, the Company recorded a Profit Before Tax of ₹ 1,086.67 million and a Profit After Tax of ₹ 4,847.11 million, after accounting for a Deferred Tax Income of ₹ 3,760.44 million arising from carry-forward losses of previous year. In comparison, the previous year (FY 2022-23) reflected loss of ₹ 5,512.16 million.

This improvement was primarily due to net decrease in expenses in FY 2023-24 compared to FY 2022-23 amounting to ₹ 4,544.21 million. This was mainly attributable to lower finance costs

due to the full-year impact of the repayment of NCD Series-1 in December 2022, reduced medical expenses compared to the previous year, and higher provisioning for stamp duty and registration charges during the year compared to previous years' provisions for immovable properties under title transfer from Air India.

The Consolidated Net profit of the AIAHL group for FY 2023-24 is ₹ 900.80 million (Previous year Net Loss after tax of ₹ 4944.79 million).

The consolidated results reflect a net profit in the current year over the previous year's losses, primarily due to the improved financial performance of the holding company, AIAHL, on a standalone basis, as noted above. This was achieved despite the net consolidated results from the discontinued operations of the subsidiary companies showing lower total profits by ₹ 4,253.61 million in the current year compared to previous financial year 2022-23.

## 2. STATE OF COMPANY AFFAIRS:

i. AI Assets Holding Limited (AIAHL) is a 100% Government of India (GOI), Schedule 'B' PSU. The main purpose of the Company is to take care of disinvestment of Air India with the objects, inter-alia, to warehouse accumulated working Capital Loans not backed by any asset, ensure services to Indian Aviation sector through its four Subsidiaries AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation Ltd. (HCI). AIAHL is also authorized to monetize non-core assets, immovable assets etc. handed over by the then Air India.

ii. During the year, the Company earned rental income of ₹ 1193.82 million and realized monetization proceeds of ₹ 623.60 million through monetization of properties.

iii. The Company continues to receive budgetary support from the Government of India for servicing its debt obligations, net of proceeds realized from monetization, rental income, and interest earnings on FDRs.

iv. During the year, in line with the approved scheme to provide medical facilities to eligible permanent retired/retiring beneficiaries of Air India Limited (AIL), including eligible permanent employees of AI Engineering Services Limited (AIESL) and AI Airport Services Limited (AIASL), post disinvestment, through AIAHL, the Government of India released ₹ 510.00 million (₹1250.00 million for FY 2022-23). In addition to the government grant, the company also received ₹106.73 million (₹110.90 million for FY 2022-23) from the eligible AI retirees joining the scheme as subscription charges under the scheme.

A total of ₹466.00 million (₹433.00 million for FY 2022-23) was remitted to the Central Government Health Scheme (CGHS)— towards annual subscription charges, comprises of ₹ 39.10 million for the FY 23-24 and ₹ 426.90 million paid in advance for next renewal cycle. These funds were allocated for both Outpatient Department (OPD) and Inpatient Department (IPD) expenses of the eligible AI retiree employees. The total number of beneficiaries as on 31st March 2024 stood at approximately 49,000.

## 3. CAPITAL STRUCTURE

The Authorized Share Capital of the Company is Rs. 700,000,000,000/- divided into 70,000,000,000 equity shares of Rs. 10 each.
As on 31st March 2024, the Issued, Subscribed and Paid-up Share Capital of the Company was Rs. 629,654,500,000/- divided into 62,965,450,000 fully paid-up equity shares of Rs. 10 each issued 100% to Govt. of India nominees.

During the year under review, as per the directions of Ministry of Civil Aviation, the Company has issued 60,00,00,000 equity shares of Rs. 10 each in two tranches of 30,00,00,000 equity shares of Rs. 10 each to the Government of India for providing financial support of Rs. 6,000 million to Alliance Air Aviation Limited, wholly owned subsidiary of the Company. The entire shareholding is held by Government of India (GoI) along with its nominees.

## 4. DETAILS OF REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not revised its Financial Statements or Board Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013.

## 5. DIVIDEND

The Company being a SPV constituted for disinvestment of Air India Ltd., dependent upon Government grants for funding support, is exempted from the requirement of dividend payment as informed by Ministry of Civil Aviation vide their letter No.17046/19/2021-AI dated 12th Nov 2021.

## 6. CORPORATE SOCIAL RESPONSIBILITY-CSR

Section 135 (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Further as per section 135(5), the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

Since the average net profits of the company during the three immediately preceding financial years are negative hence in the current financial year allocation/expenditure on CSR activities is not required.

Further, the Company, being an SPV specifically incorporated for the limited purposes of enabling specified transactions for the Disinvestment of Air India, has sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide various letters, latest being 10.07.2023 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee and request the Govt. of India, considering the fact that the Company is dependent on the budgetary support/grant funds from the Government of India for sustaining its requirements, any expenditure towards meeting the mandated CSR activities would require additional grant funds release from the Government of India and whether the applicability of these requirements of CSR for commercial operational business entity, can be considered exempted for the Company being SPV.

However, Ministry of Corporate Affairs vide OM dated 08.09.2021, informed that the Companies Act does not contain any provision wherein a CSR mandated company may be exempted from discharging its CSR obligations. Considering the above fact, the Secretary,

Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested MCA to re-examine their decision for the exemption from CSR. The decision is awaited.

## 7. DEBENTURES

The Company had issued, in FY 2019-20, three series of Non-Convertible Debentures (NCDs) aggregating to ₹ 219,850 million to refinance the identified debts of Air India as part of its disinvestment. These NCDs, shown under *Borrowings*, are serviced for principal and interest payments through budgetary support/grant funds received from the Government of India. The details of the NCDs are as given below:

| S. No. | Particulars | Series 1 | Series 2 | Series 3 |
|---|---|---|---|---|
| 1. | Object of the Issue | To Refinance the identified debts of AIL | | |
| 2. | Amount of Issued debentures | Rs.70,000 Million | Rs.70,000 Million | Rs.79,850 Million |
| 3. | Tenor | 3 years 3 month | 10 years | 10 years |
| 4. | Instrument Description | Government of India Fully Serviced, Unsecured, Redeemable, Taxable, Non-Convertible Debentures | Government of India Guaranteed, Unsecured, Redeemable, Taxable, Non-convertible debentures | |
| 5. | Face Value per Security (NCD) | Rs.10,00,000 | | |
| 6. | Yield % | 6.99% | 7.39% | 7.39% |
| 7. | Date of Issue | 16-09-2019 | 10-10-2019 | 17-10-2019 |
| 8. | Status | Series-1 NCDs redeemed by full repayment on due maturity date 16th December 2022 from the GoI grant funds | Continuing | Continuing |
| 8. | Listing on Stock Exchange | BSE | BSE | BSE |
| 9. | Registrar and Share Transfer Agent | Link Intime India Private Limited, Mumbai | KFin Technologies Limited, Hyderabad | |

Debenture Redemption Reserve has not been created as the Company is exempted by virtue of Rule 18 sub rule (7)(b) (iii) of the Companies (Share Capital and Debentures) Amendment Rules, 2019, which exempts listed companies.

## 8. COMPOSITION OF BOARD OF DIRECTORS:

### a. Composition of Board of Directors:

| Sr. No. | As on 31st March, 2024 |
|---|---|
| 1. | Shri Asangba Chuba Ao ,CMD-AIAHL, JS MoCA (DIN: 08086220) |
| 2. | Shri Padam Lal Negi, JS & FA, MoCA (DIN: 10041387) |
| 3. | Shri Solomon Arokiaraj, JS, IPP, DEA (DIN:06802660) |

| | |
|---|---|
| 4. | Shri Rahul Jain, JS, DIPAM, Min. of Finance (DIN 07442202) |
| | **As on the date of Board's Report** |
| 1. | Shri Amit Kumar, CMD-AIAHL (DIN: 11001643) |
| 2. | Shri Padam Lal Negi, JS & FA, MoCA (DIN: 10041387) |
| *3.* | Shri Baldeo Purushartha, JS IPP,DEA (DIN: 07570116) |
| 4. | Shri Shobhit Gupta, JS, MoCA (DIN: 10642877) |
| 5. | Shri Manoj Kumar, JS DIPAM (DIN: 10977541) |
| 6. | Smt. Smitha Mol M.S. DS, MOCA (DIN: 08184463) |

**b. Changes in Board of Director during F.Y. 2023-24 and to date**

**During the year FY 2023-24**

| Sr. No. | Name, Designation and DIN | Date of Appointment | Date of Cessation |
|---|---|---|---|
| 1. | Shri Satyendra Kumar Mishra, JS, MoCA (DIN: 07728790) | 22.01.2018 (assigned additional charge of Chairman and Managing director w.e.f. 01.03.2023) | 31.12.2023 |
| 2. | Shri Asangba Chuba Ao, JS, MoCA (DIN: 08086220) | 01.01.2024 (Assigned additional charge of CMD on 01.01.2024 | 11.03.2025 |
| 3. | Smt. Parama Sen, Addl. Secretary, DIPAM, Min. of Finance, (DIN: 09276997) | 10.06.2021 | 12.12.2023 |
| 4. | Sh. Rahul Jain, JS, DIPAM (DIN: 07442202) (appointed vice Smt Parama Sen) | 12.12.2023 | 14.05.2024 |
| 5. | Shri Padam Lal Negi, JS & FA MoCA (DIN: 10041387) (appointed vice Shri Rajesh Singh Sharma | 03.02.2023 | Continuing |
| 6. | Shri Solomon Arokiaraj, JS IPP, DEA, Ministry of Finance (DIN: 06802660) (appointed vice Shri Peeyush Kumar) | 27.12.2022 | 04.08.2025 |

**Since 31st March 2024 to date**

| Sr. No. | Name, Designation and DIN | Date of Appointment | Date of Cessation |
|---|---|---|---|
| 1. | Shri. Alok Pande, Addl Secretary DIPAM (DIN:10631871) (appointed vice Shri. Rahul Jain) | 16.05.2024 | 25.02.2025 |
| 2. | Shri. Shobhit Gupta, JS, MoCA (DIN: 10642877) | 25.05.2024 | Continuing |
| 3. | Shri Manoj Kumar, JS DIPAM (DIN: 10977541) | 28.02.2025 | Continuing |

| Sr. No. | Name, Designation and DIN | Date of Appoint-ment | Date of Cessa-tion |
|---|---|---|---|
| 4. | Shri Amit Kumar, CMD AIAHL<br>(DIN: 11001643) | 13.03.2025 | Continuing |
| 5. | Shri Baldeo Purushartha<br>JS, IPP, DEA, Ministry of Finance<br>(DIN: 07570116)<br>*(appointed vice Shri Solomon Arokiaraj)* | 04.08.2025 | Continuing |
| 6. | Smt. Smitha Mol M S, DS, MoCA<br>(DIN: 08184463) | 04.08.2025 | Continuing |

## 9. KEY MANAGERIAL PERSONNEL (KMP)

During the Financial Year 2023-24, the following the KMP of the Company:

| Sr. No. | Name | Designation | Date of Ap-pointment | Date of Cessation |
|---|---|---|---|---|
| 1. | Sh. Asangba Chuba Ao, JS, MoCA<br>(DIN: 08086220) | Chairman and Managing Di-rector* | 01.01.2024 | 11.03.2025 |
| 2. | Sh. Rajiv Kapoor | CFO | 12.11.2021 | Continuing |
| 3. | Smt. Kavita Tanwar | CS | 01.08.2022 | Continuing |

*Shri Amit Kumar appointed as CMD, AIAHL w.e.f. 13.03.2025.

## 10. INDEPENDENT DIRECTORS

The Company entirely owned and controlled by the Government of India, the entire Board of Directors of the Company consists of Govt. nominated Directors, who are independent from the executive functioning of the company.

However, the Company requested Ministry of Civil Aviation (MoCA) for the appointment of Independent Directors vide various and latest being 7$^{th}$August, 2025. Decision from MoCA is awaited.

## 11. MEETINGS OF THE BOARD HELD DURING THE PERIOD UNDER REVIEW.

Total Seven Meetings of the Board of Directors were held during the year, the details of which are given in the Corporate Governance Report which forms part of this Report.

## 12. SUBSIDIARY/JOINT VENTURES/ASSOCIATES

During the year under review, pursuant to the disinvestment of the Air India Limited, the shares of its Subsidiaries of the then Air India were transferred to AI Assets Holding Limited. The following are the subsidiaries of the Company:

1. AI Airport Services Limited - Wholly Owned
2. AI Engineering Services Limited - Wholly Owned
3. Alliance Air Aviation Limited - Wholly Owned
4. Hotel Corporation of India Limited- Company holds 80.38% Equity shares of Hotel Corporation of India Limited and remaining 19.62% Shares are held by the President of India

Audited Consolidated Financial Statement for the year ended on 31st March 2024 of the Company and its Subsidiary Companies form part of this Annual Report.

## 13. IMPLEMENTATION OF OFFICIAL LANGUAGE

To fulfill the objectives of the Official Language Policy of the Government, the Company is playing meaningful role in promoting the usage of Hindi at all levels. Officers/ Staff are encouraged to work more and more in Hindi.

## 14. COMPLIANCE WITH RTI ACT, 2005

The Company being a Public Sector Enterprise has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

The Company has a CPIO (Central Public Information Officer) and Appellate Authority for timely disposal of applications and appeals.

The details of RTI applications during the year 2023-24 are as under:

No. of RTI Applications received during the year :152
No. of RTI Applications disposed off during the year :152
No. of RTI Applications pending at the end of FY ` : 0

## 15. DEPOSITS

The Company has not invited, accepted or renewed any deposits from the public falling under the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

## 16. BOARD COMMITEES

a. Audit Committee
b. Nomination and Remuneration Committee
c. Stakeholders Remuneration Committee

### A. Audit Committee

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013, DPE Guidelines and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company constituted the Audit Committee of the Board on 20th March 2019. Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIAHL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

**Composition of Committee:**

As on 31st March 2024, the Composition of the Committee is provided herein below:

| Name | Designation |
|---|---|
| Shri Padam Lal Negi<br>JS & FA, MoCA | Chairman |
| Shri Asangba Chuba Ao<br>CMD AIAHL & JS, MoCA | Member |
| Shri Solomon Arokiaraj<br>JS, IPP, DEA | Member |

The Board has accepted the recommendations of Audit Committee.

**B. Nomination and Remuneration Committee (NRC)**

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013, DPE Guidelines and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company constituted the Nomination and Remuneration Committee on 15thSeptember, 2021. Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIAHL and consequentially the Board had re-constituted NRC from time to time in compliance with the applicable provisions.

**Composition of Committee:**

As on 31st March 2024, the Composition of the Committee is provided herein below:

| Name | Designation |
|---|---|
| Shri Padam Lal Negi<br>JS & FA, MoCA | Chairman |
| Shri Asangba Chuba Ao<br>CMD AIAHL & JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM, | Member |

**C. STAKEHOLDERS AND RELATIONSHIP COMMITTEE (SRC)**

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013, DPE Guidelines and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the Company constituted the Stakeholders and Relationship Committee on 10th October, 2023. Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIAHL and consequentially the Board had reconstituted SRC from time to time in compliance with the applicable provisions:

| Name | Designation |
|---|---|
| Shri Padam Lal Negi<br>JS & FA, MoCA | Chairman |
| Shri Asangba Chuba Ao<br>CMD AIAHL & JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM, | Member |

The other details pertaining to the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee are included in the Corporate Governance Repost which forms part of this report.

## 17. REMUNERATION POLICY

**Remuneration to Executive Directors and Non-Executive Directors**

Provisions of Section 197 of the Companies Act, 2013 in respect of remuneration to Directors of the Company are not applicable to Government Companies vide Notification No.G.S.R.463(E) dated 5$^{th}$June 2015. During FY 2023-24, all the Directors on the Board are GoI appointed Nominee Directors.

## 18. RISK MANAGEMENT

AIAHL is a wholly owned Government of India Company, formed as a SPV for the disinvestment purposes for Air India Ltd. The Company doesn't have any business or operational activities of its own. For meeting all its funding requirements, the SPV is dependent upon the Grant funds/budgetary support from the Government of India. The NCDs issued by the Company, representing borrowings, are fully assured by the Government of India for payment of Principal and Interest. Hence, there are no associated risks to the Company as applicable for a Company having business activities. However, the Company faces market risks outcome of which ascertainable on disposal/settlement of such items for differences in book value vs fair realizable value and future cash flows for assets/ properties/receivables/liabilities taken over by the company upon disinvestment of AI.

## 19. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is enclosed to this Report.

## 20. ANNUAL RETURN

Pursuant to Section 92(3) and Section 134(3)(a) of the Companies Act, 2013, the Annual Return is available on the Company's website at www.aiahl.in.

## 21. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

During the year under review, the Company has not given any loan.

However, in the previous year AIAHL had advanced amount to AAAL aggregating to Rs. 562.50 million towards security deposit placed by AAAL with their Aircraft lessors for the

Aircraft lease requirements of its subsidiary Alliance Air Aviation Limited (AAAL) in the previous financial year, this advance is outstanding in the current financial year.

AIAHL has in addition arranged Bank Guarantees to the foreign lessors of AAAL on behalf of AAAL for its leased aircraft equivalent to Rs. 5,895.04 million as per the provisions of Section 186 of the Companies Act, 2013 and after specific approvals of the Audit Committee and the Board.

The Company has not taken any loans from Banks and Financial Institution. However, the Company has the NCDs listed on Bombay Stock Exchange, accounted as borrowings, wherein some banks/domestic institutions and FIs are the present bondholders.

## 22. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no orders passed by the Regulators/Courts which would impact the Going concern status of the Company and its future operations.

## 23. RELATED PARTY TRANSACTIONS:

All material Related Party Transactions were entered into with the specific approval of the Company's Audit Committee and Board. The Related Party Transactions with subsidiaries broadly pertain to rentals for space, advances, reimbursements, manpower, equity investments, interest, and recoverable.

There were no Related Party Transactions entered into by the Company with its Directors, Key Managerial Personnel, or other designated persons that may have a potential conflict with the interests of the Company at large.

Further, exemption from the first and second proviso to sub-section (1) of Section 188 of the Companies Act, 2013, with regard to obtaining approval of the shareholders in the General Meeting, has been provided to Government Companies.

Additionally, pursuant to sub-regulation (5) of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, exemption from sub-regulations (2), (3), and (4) of Regulation 23 has been provided for transactions entered into between two Government Companies and for transactions entered into between a holding company and its wholly owned subsidiary. The details of Related Party Transactions, in Form AOC-2, are enclosed as **Annexure I to this report**.

## 24. VIGILANCE

The Vigilance Department, AIAHL strives to achieve the goal of "Zero Corruption" in AIAHL & its subsidiaries companies by implementing preventive vigilance activities through collective participation of each & every employee and stake holders by adhering to the highest standards of ethical behavior at work place.

During the year under review, the Vigilance Department, AIAHL was headed by Chief Vigilance Officer Sh. Amal Garg IRS (Batch: 1995) since 26.04.2022. Vigilance Department has

been persistently working towards making anti-corruption measures more effective with Preventive Vigilance as a key thrust area.

During the year, as per CVC directive, Vigilance Awareness Week 2023 was observed in AIAHL & its subsidiaries companies from 30th October 2023 to 5th November 2023 with the following theme:

**"भ्रष्टाचार का विरोध करें; राष्ट्र के प्रति समर्पित रहें"**

**"Say No to Corruption, commit to the Nation"**

As a prelude to VAW-2023, a three-month Campaign (16th August 2023 – 15th November 2023) was celebrated across AIAHL and its subsidiaries with key Preventive Vigilance measures as focus areas.

As part of its pro-active role, the Vigilance Department, AIAHL, encouraged key functional areas to standardize their work procedures; to bring about Systemic Improvements and Leverage of technology, to enhance transparency at workplace and minimize scope for discretion.

In its preventive role, the Vigilance Department, AIAHL conducted various awareness campaigns and capacity building programs / workshops related to digital initiatives and technological advancement in key functional areas having potential for malpractices.

## 25. DISCLOSURE UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The provisions of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 have been implemented in the company and necessary actions are being taken in line with guidelines received from time to time to prevent Sexual Harassment of Women at workplace.

An Internal Complaints Committee (ICC) has been put in place as per Section 4 of the Act. In terms of Section 22 of the Act, the details of sexual harassment cases filed, if any, in the Company during the financial year, is as under:

Number of complaints of sexual harassment received in the year: Nil

Number of complaints disposed off during the year: Nil

Number of cases pending for more than ninety days: Nil

Number of workshops or awareness programs carried out in connection with prevention of sexual harassment: 21st September, 2023.

## 26. MATERIAL CHANGES EFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF THIS REPORT.

Pursuant the directions of the Ministry of Civil Aviation regarding the release of ₹ 600 crore to Alliance Air Aviation Limited for providing financial assistance through AIAHL to Alliance Air, the Company has made a Rights Issue of 60,00,00,000 (Sixty Crore) equity shares of ₹ 10 each to the President of India for cash at par, aggregating to ₹ 600,00,00,000 (Rupees

Six Hundred Crore only).The Rights Issue made in two tranches of ₹ 300 crore each, for onward investment in Alliance Air Aviation Limited.

## 27. DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them and also based on the representations received from the Operating Management, your Directors make the following statement in terms of Section 134 (3) (c) of the Companies Act, 2013 that:

a. in the preparation of the annual accounts for the financial period ended March 31, 2024, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.

b. such Accounting Policies as mentioned in the Notes to the Financial Statements have been selected and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2024 and of the profit and loss of the Company for the financial period ended March 31, 2024;

c. proper and sufficient care has been taken by them for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. the annual accounts for the financial period ended March 31, 2024 have been prepared on a Going concern basis;

e. proper Internal financial controls have been followed by the company and that such internal financial controls are adequate and were operating effectively; and

f. Proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 28. AUDITORS

### i. STATUTORY AUDITOR

M/s Kumar Mittal & Co, Chartered Accountants, New Delhi, were appointed by Comptroller and Auditor General of India (C&AG) for auditing the accounts for a period beginning from 1st April, 2023 to 31st March 2024

.

### ii. STATUTORY AUDITORS' REPORT

For Standalone Financial Statements for the financial year ended March 31, 2024, there are no qualification, reservation, adverse remark or disclaimer made by the Statutory Auditors of the Company in their report. Hence, they do not call for any further explanation or comment u/s 134 (3) (f) of the Companies Act, 2013.

However, for the Consolidated Financial Statements for the financial year ended March 31, 2024, Management clarifications/explanations to the three qualifications or adverse

remarks in the auditor's Report pertaining to HCI and two qualifications or adverse remarks in the auditor's Report pertaining to AAAL, is annexed to this Annual report. The notes in financial Statements are self-explanatory and need no further explanation.

### iii. INTERNAL AUDITOR

M/s S.N. Kapur & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for the FY 2023-24 whose observations were responded to and actioned by the management.

### iv. SECRETARIAL AUDITORS

The Board appointed T Chatterjee & Associates, Company Secretaries, New Delhi to conduct the Secretarial Audit for the financial year 2023-24. The Secretarial Audit Report and the Management Replies for the financial year ended March 31, 2024 is annexed to this Report at **Annexure-II**.

## 29. INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the 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, which is commensurate with the operations of the Company.

The Company has appointed an independent firm of Chartered Accountants as Internal Auditors M/s S.N. Kapur & Associates to assess the adequacy of the internal control system to ensure compliance with all applicable laws and regulations and facilitate in optimum utilization of resources.

Further, the company is in the process of strengthening the internal control process so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls.

## 30. COMMENTS FROM THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The Company received Nil comments on the Standalone Financial Statements and Consolidated Financial Statements of the Company from the Principal Director of Audit (Infrastructure), Comptroller and Auditor General of India New Delhi vide letter dated 22nd August, 2025 under Section 143 (6) of the Companies Act, 2013 for the year ended 31st March, 2024.

## 31. DISCLOSURE REGARDING FRAUDS

There were no frauds reported during the year under review.

## 32. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### (A) Conservation of Energy and Technology Absorption

Considering the nature of company being a SPV which is not engaged in business activities during the year under review, there is no information/details on the particulars

in respect of Conservation of Energy and Technology Absorption as required under the provisions of Section 134(3)(m) of the Companies Act, 2013.

**(B) Foreign Exchange Earnings and Outgo**

Considering the nature of company being a SPV which is not engaged in business activities during the year under review, there was no foreign exchange earnings and outgo during the year under review.

## 33. SECRETARIAL STANDARDS

During F.Y 2023-24, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

## 34. CONSOLIDATED FINANCIAL STATEMENT

The Financial Statements have been prepared in accordance with the India Accounting Standards (referred as “IND AS”) prescribed under Section 133 of the Companies Act, 2013 read with Companies (India Accounting Standards) Rules as amended from time to time and other relevant provisions of the Act.
In accordance with the provisions of Section 134 of the Companies Act, 2013 and IND-AS 110 audited Consolidated Financial Statements for the year ended 31st March 2024 of the Company form part of the Annual Report.

## 35. PARTICULARS OF EMPLOYEES

As per Ministry of Corporate Affairs Notification dated 5 June 2015, provisions of Section 134(3)(e) of the Companies Act, 2013, are not applicable to a Government Company. Consequently, details on Company's policy on Directors' appointments and other matters are not provided under Section 178(3) of the Companies Act, 2013.
Similarly, the provisions of Section 197 of the Companies Act, 2013 shall not apply to Government Company. However, the Company does not have any employees who was in receipt of remuneration in excess of the limits set out in the Rules. Hence, the details in terms of Section 197(12) read with Rule 5(1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014is not provided.

## 36. PERFORMANCE EVALUATION

Pursuant to notification No.G.S.R.463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, the statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors is not applicable to the Company, being a Government company.

## 37. CORPORATE GOVERNANCE

The detailed Corporate Governance Report forms part of this report separately.

## 38. ACKNOWLEDGEMENT

Your Directors express their gratitude to Government of India, Banks, Financial Institution, and various other agencies for the co-operation extended to the Company. The Directors also take this opportunity to thank the shareholders and other stakeholders for the confidence reposed by them in the Company. The employees of the Company contributed significantly in achieving the results.

The Directors take this opportunity of thanking them and hope that they will maintain their commitment to achieving the objectives of the Company in the years to come.

**For and on behalf of the Board**
**AI Assets Holding Limited**

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| | **Amit Kumar** | **Padam Lal Negi** |
| Date: 24.10.2025 | Chairman and Managing Director | Director |
| Place: New Delhi | DIN:11001643 | DIN: 10041387 |

**Annexure I**

Annexure I to Directors' Report for the year 2023-24

Form No. AOC-2 (Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/ arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis:
   There were no contracts or arrangements for significant transactions entered during the year ended March 31, 2024, which were not at arm's length basis.
2. Details of contracts or arrangements or transactions at arm's length basis:
   All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2023-24 were on an arm's length basis, in the ordinary course of business which were duly approved and the details of contracts or arrangements or transactions at arm's length basis are as follows:

| **Name of Related Party & Nature of Relationship with AI Assets Holding Limited** | **Nature of Transaction** | **Duration of Transaction** | **Salient terms of transaction** | **Amount (Rs. In million)** |
|---|---|---|---|---|
| Alliance Air Aviation Limited (AAAL) (Wholly owned Subsidiary Company) | **Revenue** | | Refer Note nos. 28(D) (Related Party Disclosures), 23 (ii) (Funds advanced towards guarantees for AAAL's leased aircraft.) and 9 (4) (Outstanding Recoveries & Disinvestment plan of the subsidiaries) -- Notes to Accounts of Standalone Financial Statements FY 2023-24. | |
| | Interest@1% per annum on Advances to AAAL | 01-04-2023 To 31-03-2024 | | 5.63 |
| | Interest @ 9 %per annum on Outstanding Recoveries | 01-04-2023 To 31-03-2024 | | 2406.43 |
| | Rentals | 01-04-2023 To 31-03-2024 | | 2.84 |
| | **Expenditure** | | | |
| | Bank charges on SBLC reimbursed by AAAL | 01-04-2023 To 31-03-2024 | | 28.11 |
| AI Engineering Services Limited (AIESL) | **Revenue** | | Refer Note nos. 28 (D)(Related Party Disclosures), 23 (ii) (Funds advanced towards guarantees for | |

| Name of Related Party & Nature of Relationship with AI Assets Holding Limited | Nature of Transaction | Duration of Transaction | Salient terms of transaction | Amount (Rs. In million) |
|---|---|---|---|---|
| (Wholly owned Subsidiary Company) | Interest on Outstanding Recoveries | 01-04-2023 To 31-03-2024 | AAAL's leased aircraft.) and 9 (4) (Outstanding Recoveries & Disinvestment plan of the subsidiaries) -- Notes to Accounts of Standalone Financial Statements FY 2023-24. | 1840.76 |
| | Rentals | 01-04-2023 To 31-03-2024 | | 458.24 |
| | **Expenditure** | | | |
| | Manpower Charges | 01-04-2023 To 31-03-2024 | | 35.33 |
| AI Airport Services Limited (AIASL) (Wholly owned Subsidiary Company) | **Revenue** | | Refer Note nos. 28(D)(Related Party Disclosures), 23 (ii) (Funds advanced towards guarantees for AAAL's leased aircraft.) and 9 (4) (Outstanding Recoveries & Disinvestment plan of the subsidiaries) Notes to Accounts of Standalone Financial Statements FY 2023-24. | |
| | Interest on Outstanding Recoveries | 01-04-2023 To 31-03-2024 | | 39.07 |
| | Rental | 01-04-2023 To 31-03-2024 | | 4.97 |
| | **Expenditure** | | | |
| | Manpower Charges | 01-04-2023 To 31-03-2024 | | 2.85 |
| Hotel Corporation of India Limited (HCI) (Subsidiary Company) | **Revenue** | | Refer Note nos. 28(D) (Related Party Disclosures), 23 (ii) (Funds advanced towards guarantees for AAAL's leased aircraft.) and 9 (4) (Outstanding Recoveries & Disinvestment plan of the subsidiaries) Notes to Accounts of Standalone Financial Statements FY 2023-24. | |
| | Interest on Outstanding Recoveries | 01-04-2023 To 31-03-2024 | | 493.39 |
| | **Expenditure** | | | |
| | Meeting expenses | 01-04-2023 To 31-03-2024 | | 0.26 |

**Annexure II**

**Secretarial Audit Report**
**Form MR-3**
(**For the financial year ended 31-03-2024)**
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**AI Assets Holding Limited**
**CIN: U74999DL2018GOI328865**
(Formerly known as Air India Assets Holding Limited)

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Assets Holding Limited, CIN: U74999DL2018GOI328865** ((hereinafter called **"the Company"**). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Company's Responsibilities**

The Company's Management and Board of Directors are responsible for the maintenance of secretarial record under the Companies Act, 2013 and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards. Further the Company's management and the Board of Directors are also responsible for establishing and maintaining adequate systems and process, commensurate with the size and operations of the Company to identify, monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**Auditor's Responsibilities Statement**

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Limitations**

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be

detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the Company for certain areas which otherwise requires physical verification.

**Basis of Opinion**

We have followed the audit practices; secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Report on Secretarial Records and Compliances thereof**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Assets Holding Limited (Formerly known as Air India Assets Holding Limited)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on verification of the books, papers, minute books, forms, returns filed and other records maintained by the Company, information provided by the Company, its officers (including RTA), electronic records available on the official portal of the Ministry of Corporate Affairs www.mca.gov.in, portal of the Stock Exchanges, namely BSE Limited (‘BSE’) , representation made by the Management, we hereby report that in our opinion, the Company has, during the audit period covering financial year ended on 31st March, 2024, complied with the statutory provisions listed hereunder and also that the

Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:
We have examined the books, papers, minute books, forms and returns filed with the stock exchanges, on the official portal of the Ministry of Corporate Affairs (MCA) etc. and other records maintained by the Company for the audit period ended on 31st March, 2024 according to the applicable provisions of:

i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
v) The following Regulations and Guidelines, as amended from time to time, prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') to the extent applicable to the Company:

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
d. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulation, 2021;
e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;
f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulation, 2021; **(not applicable to the Company during the audit period)**
g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; **(not applicable to the Company during the audit period)**
h. The Securities and Exchange Board of India (Buyback of Securities) Regulations 2018; **(not applicable to the Company during the audit period)**
i. The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015; and
j. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

vi) The Management of the Company represented that all the fiscal, labour and environmental laws and other Statutes which are applicable to such type of companies, are generally complied with which inter alia includes the following which are specifically applicable to the Company:
a. The DPE Guidelines.
b. The Competition Act, 2002.
c. The Right to Information Act, 2005;
d. The Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Rules made thereunder;
e. The Minimum Wages Act, 1948;
f. The Payment of Bonus Act, 1965;
g. The Payment of Gratuity Act, 1972;
h. The Payment of Wages Act, 1936 and other applicable Industrial and Labour Laws.
i. The Child Labour (Prohibition Regulations) Act,1986
j. Environmental Protection Act 1986
k. The Water (Prevention and Control of Pollution) Act,1974

vii) We have also examined compliance of the applicable clauses of the following:
   a. Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board Meetings (SS-1) and General Meetings (SS-2).
   b. The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Ltd. read with the provisions of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("SEBI LODR").

During the period under review, the Company has complied with the provisions of the Companies Act, 2013, Rules, Regulations, Guidelines, Standards etc**, except the following regulation of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:**

***i)*** *Regulation 17(1) 18(1),19 (1)(c) and 20(1) pertaining to composition of Board and Committees of Board (Audit Committee, Nomination Remuneration Committee and Stakeholder Relationship Committee) which resulted in non-compliance of Regulation 18(2)(b),19(2), 20(2A), 21.*

***ii)*** *Sub-regulation (10) of Regulation 17 and sub-regulation (1) of Regulation 23, 24.*

***iii)*** *Thequarterly/half yearly and yearly Financial Statements and limited review report for the period under review are placed before the Audit Committee and the Board belatedly and submitted to the Stock Exchange after expiry of 45 days from the end of the quarter/half year and year, respectively, resulting in non-compliance of Regulation 50(1),52(1) and 52(4) and imposition of fine by BSE for such non-compliance.*

***iv)*** *Regulation 53(2) and 58 pertaining to submission of Annual Report to the Stock Exchange and sending the same to the holders of non-convertible debentures. The Annual Report for the year 2023-24 is yet to be adopted, since the AGM for the year 2023-24 is yet to be concluded.*

***v)*** *The Company maintained a functional website* https://www.aiahl.in *, however the all the requisite information under regulation 62 are not available on the website and the website is not updated in terms of sub-regulation (3) and (4) of regulation 62 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.*

**Note:**The Company was granted an extension of time vide order dated 25/09/2023 for the purpose of holding AGM for the year 2022-23, which was due to be held on or before 30/09/2024, by 3 months on the application filed by the company on 25/09/2023 under section 96 of the Companies Act, 2013 on the ground of delay in finalisation of consolidated financial statements. The AGM of the Company was held on 21-12-2023.

**We further report that:**

a) The Board of Directors of the Company is duly constituted with a balanced representation of Executive Directors and Non-Executive Directors, ***except above***. The Changes in the composition of the Board of Directors and Committees of the Board that took place during the period under review were carried out in compliance with the provisions of the Act and in terms of the Office Memorandum issued by the Ministry of Civil Aviation. However, the Composition of the Board and Committees of the Board was not having such number of Independent Directors including at least one independent woman director as required under SEBI (LODR) Regulations and/or the DPE guidelines for which company has regularly written to its administrative ministry for appointment of appropriate number of Independent Directors on the board.

b) Adequate notice is given to all directors to schedule the Board Meetings. The agenda and detailed notes on agenda were generally sent at least seven days in advance. A system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation.

c) As per the minutes, the decisions at the Board meetings were taken unanimously.

**We report that** during the period under review; the Board meetings were conducted where option was given to the Board Members to participate either physically or through video conferencing and adequate facilities were provided to facilitate the Directors at other locations to participate in the meeting.

**We further report that** there are adequate systems and processes in the Company which commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We report that** the following material events took place in the Company during the FY 2023-24:

1. The Company has made right issue of 60,00,00,000 (Sixty Crore) equity shares of Rs.10 each to the President of India for cash at par aggregating to Rs.600,00,00,000/- (Rupees Six Hundred Crore only) in compliance of the applicable law.

2. The Company has shifted its registered office from 113, Gurudwara Rakabganj Road, New Delhi to 2nd Floor, AI Administrative Building, Safdarjung Airport, New Dehi 11000.

**We further report** that during the audit period, no event occurred which had bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.

Place: Delhi
Date : 11-06-2025

**For T. Chatterjee & Associates**
**Company Secretaries**
FRN No. - P2007WB067100
Peer Review No. 908/2020

**Sd/-**
**CS. Sumana Subhash Mitra**
Partner
ACS:43291, COP:22915
UDIN:A043291G000578771

**This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.**

**'Annexure A'**

To,
The Members
**AI Assets Holding Limited**
**CIN: U74999DL2018GOI328865**
(Formerly known as Air India Assets Holding Limited)

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the Guidance Notes on ICSI Auditing Standard, audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For T. Chatterjee & Associates**
**Company Secretaries**
FRN No. - P2007WB067100
Peer Review No. 908/2020

**Sd/-**
**CS. Sumana Subhash Mitra**
Partner
ACS:43291, COP:22915
UDIN: A043291G000578771

Place: Delhi
Date: 11-06-2025

**The Managements' Comments on Secretarial Auditors' observations**

| Sr. No. | Secretarial Auditor's Observation | Draft Management's Reply |
|---|---|---|
| 1. | Regulation 17(1) 18(1),19 (1)(c) and 20(1) pertaining to composition of Board and Committees of Board (Audit Committee, Nomination Remuneration Committee and Stakeholder Relationship Committee) which resulted in non-compliance of<br><br>Regulation 18(2)(b),19(2), 20(2A), 21. | The Company requested administrative ministry, MoCA for the appointment of Independent Directors vide letter dated 19.12.2024. |
| 2. | Sub-regulation (10) of Regulation 17 and sub-regulation (1) of Regulation 23, 24. | Regulation 17 (10) for evaluation of Independent Directors-Please refer to reply given at point no. 1above.<br><br>For Regulation 23 (1)- All material related party material transactions and their impact are disclosed in the Notes to the Quarterly/Annual audited accounts of the Company duly approved by the Audit Committee.<br><br>AIAHL as listed entity transacts with subsidiaries as related party for the purposes of manpower sourcing, rental arrangements for space and other administrative purposes assistance.<br><br>The value of these transactions individually and collectively is not material in terms of the threshold limits specified under the SEBI Regulation of Rs.1000 crores or 10% of the turnover except for the Interest debited to Subsidiaries on the year end outstanding recoverable which largely include the outstanding recoverable from these subsidiaries upon Air India disinvestment in Jan 2022.<br><br>The Interest is charged @9% p.a. on the outstanding recoverable based on the clarification ofMin.of Finance, GOI advising continuation of policy of levying interest to these subsidiaries as was being charged by Air India from these subsidiaries pre-disinvestment. The interest charged has remained unrecovered from these |

| | | |
|---|---|---|
| | | subsidiaries. However, the related party transactions of subsidiaries are eliminated in the consolidated Financial statements (CFS) of AIAHL.<br><br>Notwithstanding, the Company is examining the applicability of framing policy on materiality of Related party transaction and outcome will be reported to the Board.<br><br>For Regulation 24 (1): for appointment of one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.<br><br>Please refer to reply given at point no. 1. |
| 3. | The quarterly/half yearly and yearly Financial Statements and limited review report for the period under review are placed before the Audit Committee and the Board belatedly and submitted to the Stock Exchange after expiry of 45 days from the end<br><br>of the quarter/half year and year, respectively, resulting in non-compliance of Regulation 50(1), 52(1) and 52(4) and imposition of fine by BSE for such non-compliance. | Due to the complex and high-value transactions arising from the disinvestment of Air India, the finalization of quarterly financial statements of the AIAHL was delayed from FY 2021–22 onwards. These complexities significantly impacted the timeliness of regulatory reporting, particularly under the SEBI (LODR) Regulations. However, the Company has cleared the backlog and completed the filing of quarterly financial results up to Q3 (October–December 2024), and the same have been published in March 2025.<br><br>BSE has been requested to consider waiver of penalties for delayed filing considering that AIAHL is a grant-based entity funded through funds from Consolidated Fund of India. |
| 4. | Regulation 53(2) and 58 pertaining to submission of Annual Report to the Stock Exchange and sending the same to the holders of non-convertible debentures. The Annual Report for the year 2023-24 is yet to be adopted, since the AGM for the year 2023-24 is yet to be concluded. | Statement of fact |

| | | |
|---|---|---|
| 5. | The Company maintained a functional website https:// www.aiahl.in, however the all the requisite information under regulation 62 are not available on the website and the website is not updated in terms of sub-regulation (3) and (4) of regulation 62 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. | The Company is in the process of updating all requisite information as required under regulation 62 on the website of the Company. |
| Material events | | |
| 1. | The Company has made rights issue of 60,00,00,000 (sixty Crore) equity shares of Rs. 10 each to the President of India for Cash at par aggregating to Rs. 600,00,00,000/- (Rupees Six Hundred Crore only) in compliance of the applicable law. | Statement of Fact.<br><br>Purpose of the issue was to provide financial support to the subsidiary Alliance Air Aviation Limited (AAAL). Accordingly, the Proceeds of the issue were invested in AAAL. |
| 2. | The Company has shifted its registered office from 113, Gurudwara Rakabganj Road, New Delhi to 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi-110003 | Statement of Fact. |

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## 1. INDUSTRY STRUCTURE AND DEVELOPMENTS

AI Assets Holding Limited (AIAHL) is a 100% Government of India (GOI), Company. The main purpose of the Company was to take care of disinvestment of Air India with the objects, inter-alia, to warehouse accumulated working Capital Loans not backed by any asset, ensure services to Indian Aviation sector through its four Subsidiaries AI Airport Services Limited (AIASL), Alliance Air Aviation Ltd. (AAAL), AI Engineering Services Ltd (AIESL) and Hotel Corporation Ltd. (HCI). AIAHL is authorized to monetize non-core assets, immovable assets etc. book transferred to it by the then Air India.

The Company operates as a Special Purpose Vehicle (SPV) primarily for holding and monetizing non-core assets of the then Air India and managing the disinvestment process of subsidiaries. Its activities are closely linked with developments in aviation, ground handling, engineering, and hospitality industries through its subsidiaries.

The aviation sector in India has witnessed gradual recovery after the pandemic, supported by rising passenger traffic, enhanced airport infrastructure, and strong policy support from the Government of India. Similarly, the hospitality sector is showing positive momentum due to increased domestic travel and business activities. Real estate markets, while demonstrating growth in certain regions, continue to remain sensitive to interest rate movements, demand cycles, and regulatory clearances.

These sectoral trends have a direct and indirect impact on the performance of the Group companies and the valuation of non-core assets under monetization.

## 2. ANALYSIS OF FINANCIAL PERFORMANCE

### Standalone Financial Statements

During the financial year 2023-24, the Company recorded a Profit Before Tax of ₹ 1,086.67 million and a Profit After Tax of ₹ 4,847.11 million, after accounting for a Deferred Tax Income of ₹ 3,760.44 million arising from carry-forward losses of previous year. In comparison, the previous year (FY 2022-23) reflected loss of ₹ 5,512.16 million.

This improvement was primarily due to net decrease in expenses in FY 2023-24 compared to FY 2022-23 amounting to ₹ 4,544.21 million. This was mainly attributable to lower finance costs due to the full-year impact of the repayment of NCD Series-1 in December 2022, reduced medical expenses compared to the previous year, and higher provisioning for stamp duty and registration charges during the year compared to previous years' provisions for immovable properties under title transfer from Air India.

- **Consolidated Financial Statements**

The Consolidated Financial Statements represent consolidation of Company's financials with the financials of four Subsidiary Companies viz. AI Engineering Services Limited (AIESL), AI Airport Services Limited (AIASL), Alliance Air Aviation Limited (AAAL) and Hotel Corporation of India Limited (HCIL). The Consolidated Net profit of the AIAHL group for FY 2023-24 is ₹ 900.80 million compared to Previous year Net Loss after tax of ₹ 4944.79 million.

The consolidated results reflect a net profit in the current year over the previous year's losses, primarily due to the improved financial performance of the holding company, AIAHL, on a standalone basis, as noted above. This was achieved despite the net consolidated results from the discontinued operations of the subsidiary companies showing lower total profits by ₹ 4,253.61 million in the current year compared to previous financial year 2022-23.

## 3. OPPORTUNITIES AND THREATS

### Opportunities

- Monetization of large non-core assets has the potential to generate sustainable cash flows.
- Improvement in the operations of subsidiaries (AIASL, AIESL, AAAL, and HCI) to enhance overall Group value.
- Efficient utilization of internal resources such as rental income, monetization proceeds, and interest earnings strengthens financial stability.

### Threats

- Market volatility in aviation and hospitality industries may affect subsidiary performance.
- Decline in demand or slowdown in the real estate sector can reduce valuation and delay monetization.

The Company itself does not actively explore business expansion opportunities, nor does it face any direct business threats. However, opportunities and threats associated with subsidiaries and asset monetization activities influence the overall performance and financial stability of the Group.

## 4. FUTURE OUTLOOK

Looking ahead, the Company will focus on its non-core assets, which are planned to be sold. This is aimed at improving liquidity and streamlining our asset portfolio.

Simultaneously, our subsidiary companies are poised for expansion. We intend to increase our operational footprint, enhance service offerings, and penetrate new markets. This growth will be supported by the addition of several new clients across diversified sectors, reflecting the increasing demand for our subsidiary companies.

Overall, the Company is committed to enhancing shareholder value through the prudent management of non-core assets, the continued expansion of our subsidiaries, and the onboarding of new clients. We believe these initiatives will strengthen our competitive position and unlock new growth opportunities.

As decided by the Government, AIAHL is in the process of disinvestment of its subsidiaries, namely AIESL, AIASL, and AAAL, in accordance with the due process of disinvestment under the guidance of the Department of Investment and Public Asset Management (DIPAM) and with the involvement of the concerned Ministries/Departments of the Government of India.

Further, the monetization process of AI transferred assets is actively pursued with the relevant agencies and authorities by the company. Similar actions for identification, disposal, transfer, utilization, accounting of large number of non-core assets are also being pursued through constant interactions with the relevant local authorities.

## 5. RISKS AND CONCERNS

The Company being a SPV is formed for the limited purposes of disinvestment of Air India and supported through budgetary support from the GoI budget, net of receipts from monetization proceeds, rental income, interest on FDRs, etc. for company's borrowings bearing fixed interest rates is not exposed to any financial risk.

## 6. HUMAN RESOURCES

### Staff strength

The Company maintains a lean manpower structure, ensuring efficiency and cost optimization. It engages professionals with expertise in finance, compliance, and asset management. Industrial relations remained cordial throughout the year. As on 31st March 2024, the staff strength of the Company, comprising of fixed-term contractual employees, stood at 15.

## 7. INTERNAL CONTROL SYSYTEM AND THEIR ADEQUACY

M/s S.N. Kapur & Associates, Chartered Accountants, Delhi has been appointed as Internal auditors of the Company to ensure compliance with all applicable laws and regulations and facilitate optimum utilization of resources.

## 8. KEY FINANCIAL RATIOS ON STANDALONE BASIS

| Sl. No. | Particular | As at March 31, 2024 | As at March 31, 2023 | Particular | Reason |
|---|---|---|---|---|---|
| 1 | Current ratio | 2.25 | 2.50 | -10.02% | Due to increase in current assets (cash & cash equivalents and rent receivable) as compared to previous year. |
| 2 | Debt equity ratio | 14.76 | -215.15 | -106.86% | Due to negative net-worth of the company in the previous year and further issuance of Equity shares & profit in the current year compared to loss in the previous year. |
| 3 | Debt service coverage ratio | 0.08 | 0.06 | 35.44% | Due to increase in Grant in aid received from GOI. |
| 4 | Return on equity | 1.03 | 0.17 | 503.17% | Due to profit during the year |
| 5 | Trade payable turnover ratio | 432.30 | 847.36 | -48.98% | Due to decrease in other expenses as compared to previous year. |
| 6 | Net capital turnover ratio | 0.19 | 0.18 | 6.69% | Due to increase in Rental revenue and decrease in working capital as compared to previous year. |
| 7 | Net profit ratio | 2.96 | -3.51 | -184.37% | Due to increase in rental revenue and profit during the year |
| 8 | Return on capital employed | 0.08 | 0.061 | 24.77% | Mainly due to increase in grant received from GOI and capital employed. |

## 9. CAUTIONARY STATEMENT

Statements made in Management Discussion and Analysis could make a difference to what is stated, expressly or impliedly include amendment in the policies, rules and regulations of the government from time to time, income tax laws and other statues.

**For and on behalf of the Board**
**AI Assets Holding Limited**

**Sd/-**
**Amit Kumar**
Chairman and Managing Director
DIN: 11001643

**Sd/-**
**Padam Lal Negi**
Director
DIN:10041387

Date **:24.10.2025**
Place: New Delhi

# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

Company's philosophy on Corporate Governance envisages the attainment of the highest level of transparency and accountability, in all facets of its activities and in all its interactions with its stakeholders including shareholders, debenture holders, employees, Government and lenders.

The Company is committed to attain the highest standard of Corporate Governance. The promotion of efficient Corporate Governance practices is not only a statutory requirement but an important business enabler that helps realize long term goals while optimizing stakeholder returns.

## 2. BOARD OF DIRECTORS

AI Assets Holding Limited is a Public Sector Undertaking, the entire share capital of the Company is held by Government of India. Its Directors are appointed by administrative ministry (Ministry of Civil Aviation, MoCA). As per Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen all of whom shall be appointed from MoCA. The composition of Board of AI Assets Holding Limited has been reconstituted by MoCA vide its order dated 11th Feb 2022.

**Board of Directors as on 31 March 2024**

| Sr. No. | Name of the Directors | Designation |
|---|---|---|
| 1. | Shri Asangba Chuba Ao , CMD AIAHL, JS MoCA (DIN: 07728790) | Nominee Director |
| 2 | Shri Padam Lal Negi, JS&FA, MoCA (DIN: 10041387) | Nominee Director |
| 3. | Shri Solomon Arokiaraj, JS, IPP, DEA Ministry of Finance (DIN: 06802660) | Nominee Director |
| 4. | Shri Rahul Jain, JS, DIPAM, Min. of Finance (DIN 07442202) | Nominee Director |

In pursuance of the Office Memorandum (OM) issued by Ministry of Civil Aviation (MoCA) vide file no. AV.17046/56/2019-AI 2nd February2024, Shri Asangba Chuba Ao, JS MoCA has been nominated in the Board of AIAHL vice Shri Satyendra Kumar Mishra w.e.f. 01.01.2024. Further, MoCA vide Order dated 26thFebruary,2024 has assigned the additional charge for the post of Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) to Shri Asangba Chuba Ao, Joint Secretary, MoCA, for a period of three months w.e.f. 1stJanuary 2024 or till the regular appointment of CMD, AIAHL, whichever is earlier.

Further, in pursuance of the OM issued by the MoCA dated 12th December 2023, Shri Rahul Jain, Joint Secretary DIPAM has been appointed as Nominee Director of the Company vice Smt. Parama Sen.

Further, in pursuance of the OM issued by the MoCA dated 14th May 2024, Shri Shobhit Gupta, Joint Secretary JS, MoCA has been nominated as Nominee Director vice Shri Asangba Chuba Ao, JS MoCA and Dr. Alok Pande, Additional Secretary, DIPAM has been nominated as Nominee Director vice Shri Rahul Jain, JS, DIPAM, on the Board of AI Assets Holding Limited. However, Shri Asangba Chuba Ao, continued to hold the position of CMD, AIAHL, till any further communication from MoCA.

Further, MoCA vide OM dated 25.02.2025, nominated Shri Manoj Kumar, JS DIPAM in the Board of AIAHL vice Dr. Alok Pande, AS, DIPAM.

Further, in terms of the Order issued by MoCA vide File no. A.V. 17015/02/2015-AI dated 11th March, 2025, Shri Amit Kumar has been appointed as Chairman and Managing Director of the Company w.e.f 13th March, 2025,i.e. the date of allotment of Director Identification Number and Shri Asangba Chuba Ao ceased from the Board w.e.f. 11th March 2025.

Further, in terms of the Order issued by MoCA vide File no. A.V. 17015/02/2015-AI dated 4th August, 2025, Shri Baldeo Purushartha has been nominated vice Shri Solomon Arokiaraj and and Smt. Smita Mol M.S. has been nominated as Nominee Director on the Board of the Company w.e.f 4th August, 2025.

The Board placed on record its appreciation of the valuable services rendered by Shri Satyendra Kumar Mishra, Shri Asangba Chuba Ao, Shri Rahul Jain, Dr. Alok Pande and Shri Solomon Arokiaraj Nominee Directors on the Board of the Company during their tenure.

During the year, all meetings of the Board and Shareholders were chaired by the Chairman of the Company.

## 3. MEETINGS OF BOARD AND ATTENDENCE DURING MEETINGS FY 2023-24

Seven Board Meetings were held during the financial year as per the details given below:

| Board Meeting Number | Date of Board Meeting | Total no. of Directors | Directors Present |
|---|---|---|---|
| 42nd | 19th May 2023 | 4 | 4 |
| 43rd | 14th June 2023 | 4 | 4 |
| 44th | 20th June 2023 | 4 | 3 |
| 45th | 10th October 2023 | 4 | 3 |
| 46th | 30th October 2023 | 4 | 2 |
| 47th | 29th December 2023 | 4 | 2 |
| 48th | 5th February 2024 | 4 | 3 |

Leave of absence was granted in terms of Section 167(1)(b) of the Companies Act, 2013.

## 4. PARTICULARS OF DIRECTORS INCLUDING THEIR ATTENDANCE AT THE BOARD MEETING DURING THE FINANCIAL YEAR 2023-24:

| Directors | Academic Qualification | No. of Board Meetings during 2023-24 | | Attended last AGM | | Details of other Companies | |
|---|---|---|---|---|---|---|---|
| | | Held (during their respective tenures) | Attended | 21-12-2023 | 05-09-2024 | Directorships in companies | Memberships held in Committees |
| Shri Satyendra Kumar Mishra, JS, MoCA, Chairman and Managing Director, (w.e.f. 22-01-2018 to 01-01-2024)(Assigned Additional Charge of Chairman and Managing Director w.e.f 01.03.2023) | M. Tech (Applied Geology)<br>M.A. (Public Policy), IRS (IT:1990) | 6 | 6 | Yes | | **Chairman and Managing Director:** 1<br>(AI Assets Holding Limited), w.e.f 01.03.2023<br><br>**Chairman-4 w.e.f 01.03.2024**<br>(AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited & Hotel Corporation of India Limited)_<br><br>**Director:** 3<br>AI Assets Holding Limited w.e.f 22.01.2018, AI Engineering Services Limited w.e.f. 02.02.2017 & AI Airport Services Limited w.e.f 02.02.2017 | **Chairman:** 5<br>A. CSR Committee:2 (AI Engineering Services Limited, AI Airport Services Limited)<br>B. HR Committee:1 (Alliance Air Aviation Limited)<br>C. Flight Safety Committee: 1 (Alliance Air Aviation Limited)<br>D. Nomination and Remuneration Committee: 1 (AI Assets Holding Limited)<br><br>**Member:** 6<br>A. Audit Committee:4 (AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited & Alliance Air Aviation Limited)<br>**B.** CSR Committee:2 (AI Engineering Services Limited & AI Airport Services Limited) |
| Smt. Parama Sen, joint Secretary, DIPAM (From 10th June 2021 to 12th December 2023) | MSC (Physics), IA&AS (1994) | 5 | 3 | NA | NA | **Director-4**<br><br>(AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited &National Financial Holdings Company Limited) | **Member-5**<br>A. Audit Committee: 2 (AI Engineering Services Limited & AI Airport Services Limited)<br>B. CSR Committee-2 (AI Engineering Services Limited &AI Airport Services Limited) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | | C. Nomination and Remuneration Committee:1<br>(AI Assets Holding Limited) |
| Shri Padam Lal Negi (w.e.f: 3rd Feb, 2023) | (MA Pol. Science & MA Sociology) IDAS 1992 | 7 | 7 | Yes | Yes | **Director-7**<br><br>(AI Assets Holding Limited,Airport Authority of India, , AI engineering Services Limited, AI Airport Services Limited , Pawan HansLimited, Indian Renewable Energy Development Agency Limited & Solar Energy Corporation of India Limited) | **Chairman-3**<br><br>A. Audit Committee: 3<br>(AI Engineering Services Limited , AI Assets Holding Limited & AI Airport Services Limited)<br><br>**Member-2**<br><br>CSR Committee-2<br>(AI Engineering Services Limited & AI Airport Services Limited) |
| Shri Asangba Chuba Ao (w.e.f. 01.01.2024 to 11.03.2024 (Assigned Additional Charge of Chairman and Managing Director w.e.f 01.01.2024) | IAS ,MA (Eng Litt.) & MA (Public Administration) | 1 | 1 | NA | Yes | **Chairman & Managing Director: 1**<br><br>AI Assets Holding Limited w.e.f. 01-01-2024<br><br>**Chairman 4**<br><br>(AI Engineering Services Limited w.e.f. 01-01-2024<br><br>, AI Airport Services Limited w.e.f. 01-01-2024, Hotel Corporation of India Limited w.e.f. 05-03-2024, Alliance Air Aviation Limited w.e.f. 29-02-2024)<br><br>**Director: 5**<br><br>(AI Assets Holding Limited, Pawan Hans Limited, Rohini Heliport Limited, Alliance Air Aviation Limited, AI Engineering Services | **Chairman: 4**<br><br>A. HR Committee:1<br>B. Flight Safety Committee :1 (Alliance Air Aviation Limited)<br><br>C. CSR Committee: 2<br><br>```(AI Engineering Services Limited, AI Airport Services Limited)<br><br>**Member-6**<br><br>A. Audit Committee: 3<br><br>(AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited)<br><br>B. Nomination & Remuneration Committee: 2<br>(AI Assets Holding Limited, Pawan Hans Limited)<br>C. Stakeholder Relationship Committee: 1<br>(AI Assets Holding Limited) |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | | | | | | Limited, AI Airport Services Limited, | |
| Shri Rahul Jain (w,e,f: 12.12.2023 to 14.05.2024) | CA, IAS | 1 | 0 | Yes | NA | **Director-6**<br>(AI Assets Holding Limited,AI Engineering Services Limited, AI Airport Services Limited, National Financial Holdings Company Limited, ITC Limited, National Land Monetization Corporation Limited) | **Member-7**<br>A. Audit Committee: 2 (AI Engineering Services Limited & AI Airport Services Limited)<br>B. CSR Committee-2 (AI Engineering Services Limited & AI Airport Services Limited)<br>C. Nomination and Remuneration Committee:1 (AI Assets Holding Limited)<br>D. Stakeholder Relationship Committee: 1 (AI Assets Holding Limited)<br>E. Body of Persons acting as Administrator/Board of Advisors:1 (National financial Holdings Company Limited) |

**Notes:**

1. The number of Directorships is within the maximum limit of:
   -20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.
2. Directors are not related to each other.
3. Directors do not have any pecuniary relationships or transactions with the Company.
4. The number of committee memberships of Directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE Guidelines). Only Audit Committee is to be counted for the said limit.

## 5. BOARD PROCEDURE

The meetings of the Board were held at the Company's Registered Office situated at 2nd floor, AI Administration Building, Safdarjung Airport, New Delhi-110003. The meetings are scheduled well in advance. In case of emergencies or urgency, resolutions are passed by circulation. The agenda for the meetings is prepared by the officials concerned and approved by the Chairman of the Board. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Statutory Auditors are invited to attend the Board meetings and provide clarification as and when required.

## 6. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board in its 50th meeting held on 15th, May 2024 has approved the Code of Conduct for the Directors and Senior Management.

## 7. BOARD COMMITTEES

### AUDIT COMMITTEE

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013, DPE Guidelines and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 , the Company constituted the Audit Committee of the Board on 20th March 2019. Further, the Ministry of Civil Aviation (MoCA), vide its several Oms issued from time to time, had reconstituted the Board of AIAHL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

### a) Composition of Audit committee:

As on 31st Mar 2024, the following were the Members of the Audit Committee in ex officio capacity:

| Particulars of Director | Position held in the Committee |
|---|---|
| Shri Padam Lal Negi<br>JS & FA, MoCA | Chairman |
| Shri Asangba Chuba Ao<br>JS, MoCA | Member |
| Shri Solomon Arokiaraj<br>JS IPP, DEA, Ministry of Finance | Member |

**The terms of reference of this Committee are:**

- To recommend appointments, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effective-ness of audit process;
- To examine the financial statements and the auditors' report thereon.
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of Inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- any other responsibility as may be assigned by the Board from time to time.

**Meetings of the Audit Committee**

The Audit Committee had met 4 times during the year to review various issues including inter alia Financial Statement of the Company for the year before submission to the Board, as per details given below:

| S. No. | Meeting Number | Date of the Meeting | No. of Directors present |
|---|---|---|---|
| 1 | 19th | 19th May 2023 | 3 |
| 2 | 20th | 14th June 2023 | 3 |
| 3 | 21st | 10th October 2023 | 2 |
| 4 | 22nd | 30th October 2023 | 2 |
| 5 | 23rd | 29th December 2023 | 2 |
| 6 | 24th | 12th February 2024 | 2 |

**NOMINATION AND REMUNERATION COMMITTEE**

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013, DPE Guidelines and SEBI (LODR) Regulation 2015, the Company constituted the Nomination and Remuneration Committee of the Board on 15th September, 2021.

**a) Composition of committee:**

As on 31-03-2023, the following were the Members of the Nomination and Remuneration Committee, in ex officio capacity:

| Particulars of Director | Position held in the Committee |
|---|---|
| Shri Padam Lal Negi<br>JS & FA MoCA | Chairman |
| Shri Asangba Chuba Ao<br>JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM, Min. of Finance | Member |

**b) Term of Reference:**

The term of reference of Nomination and Remuneration Committee are:

- The Nomination and Remuneration Committee shall identify persons who are qualified and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board for their approval.
- The Nomination and Remuneration Committee shall formulate and recommend to the Board a policy, relating to the remuneration for the Key Managerial Personnel and other employees.

## STAKEHOLDERS AND RELATIONSHIP COMMITTEE

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013, DPE Guidelines and SEBI (LODR) Regulation 2015, the Company constituted the Stakeholders Relationship Committee of the Board on 10thOctober, 2023.

### a) Composition of committee:

As on 31stMarch,2024,following were the members of the Audit Committee in ex-officio capacity:

| Particulars of Director | Position held in the Committee |
|---|---|
| Shri Padam Lal Negi<br>JS & FA MoCA | Chairman |
| Shri Asangba Chuba Ao<br>JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM, Min. of Finance | Member |

### b) Term of Reference:

The terms of reference of Stakeholders and Relationship Committee includes:

- Resolving the grievances of the debenture holders of the company including complaints related to non-receipt of annual report, non-receipt of interest, etc.
- Review of adherence to the services rendered by the Registrar & Share Transfer Agent

## 8. GENERAL MEETINGS DURING THE LAST THREE YEARS

The details of General meetings of the Company, viz. Annual General Meeting (AGM) & Extra-ordinary General Meeting (EGM), held during the last three financial years are given below:

| AGM / EGM | Date of the Meeting | Venue of the meeting | Special Resolution |
|---|---|---|---|
| 3rd AGM | 17th December, 2021 | Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001 | No |
| 4th AGM | 30th December, 2022 | Regd. Office: 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003 | No |
| 4thAdjourned AGM | 28th June, 2023 | Regd. Office: 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003 | No |
| 5th AGM | 21st December, 2023 | Regd. Office: 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi-110003 | No |
| 5th Adjourned AGM | 5th September, 2024 | Regd. Office: 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi-110003 | No |
| 5th EGM | 22nd November, 2021 | Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001 | Yes |

## 9. REGISTRAR AND SHARE TRANSFER AGENT

Series 2 & 3 NCDs: M/s KFin Technologies Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial district, Nanakarmaguda, Hyderabad- 500 032, Tel no. 020-61491626.

## 10. DEBENTURE TRUSTEE:

IDBI Trusteeship Services Limited, ground floor, Asian Building 17, R, Kamani Road, Ballard Estate, Fort, Mumbai, Maharashtra-400001, Tel- 022,40807000

## 11. OTHER DISCLOSURES:

**i. Penalties strictures imposed on the Company by stock Exchange or SEBI or any Statutory Authority**

No Penalty and strictures have been imposed on the Company by any Statutory Authority, on any matter related to capital market, during the last three financial year, except the penalties imposed by Bombay Stock Exchange for the quarters March 2021, September, 2021 and March, 2022, June 2022, September 2022, December 2022, March 2023, June 2023, September 2023, December 2023 and March 2024 for delay in filing of Financial Statements of respective quarters for which Company has already submitted request for waiver of penalties vide letter dated 25.09.2024. The BSE has waived the penalty imposed for September, 2021vide its email dated 22.12.2022.

**ii. Compliances Regarding Insider Trading**

The Company is in the process of framing the "Code of Fair Disclosure and Code of Conduct in dealing with the Securities (Bonds) of the Company covering code of practices and procedures for fair disclosure of unpublished price sensitive information and code of conduct for prevention of insider trading.

**iii. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

| | | |
|---|---|---|
| Number of Complaints filed during the year 2023-24 | : | NIL |
| Number of Complaints disposed of during the year 2023-24 | : | N.A. |
| Number of Complaints pending as on 31st March, 2024 | : | NIL |

## 12. CREDIT RATING

Rating agencies ICRA and Ind-Ra assigned long term rating AAA (CE) (Stable) to the NCDs.

## 13. CEO/ CFO CERTIFICATION

Pursuant to the provisions specified in Part B of Schedule II and in terms of Regulation 17(8) of the SEBI Listing Regulations, a certificate on the Financial Statements from CMD and the CFO is issued and forms part of the this Annual Report.

## 14. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Compliance certificate for Corporate Governance from Practicing Company Secretary is annexed with the Report.

**For and on behalf of the Board**
**AI Assets Holding Limited**

| | | |
|---|---|---|
| | **Sd/-** | **Sd/-** |
| | **Amit Kumar** | **Padam Lal Negi** |
| Date : 24.10.2025 | Chairman and Managing Director | Director |
| Place: New Delhi | DIN: 11001643 | DIN: 10041387 |

## CEO /CFO CERTIFICATION

A. We have reviewed standalone financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-

   I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:
   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

**For AI Assets Holding Limited.**

| | **sd/-** | **sd/-** |
|---|---|---|
| Date: 18th October,2024 | **Rajiv Kapoor** | **Asangba Chuba Ao** |
| Place: New Delhi | Chief Financial Officer | Chairman & Managing Director |
| | | DIN: 08086220 |

## CEO /CFO CERTIFICATION

A. We have reviewed consolidated financial statements and the cash flow statement for the year and that to the best of our knowledge and belief:-

I. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

II. these statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:
   i. Significant changes in internal control over financial reporting during the year;
   ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or any employee having a significant role in the company's internal control system over financial reporting.

**For AI Assets Holding Limited.**

| | | |
|---|---|---|
| | **sd/-** | **sd/-** |
| Date: 27th June 2025 | **Rajiv Kapoor** | **Amit Kumar** |
| Place: New Delhi | Chief Financial Officer | Chairman & Managing Director |
| | | DIN: 11001643 |

# CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members,
AI ASSETS HOLDING LIMITED,
CIN: U74999DL2018GOI328865
2nd Floor, AI Administration Building,
Safdarjung Airport, Delhi-11000.

We have examined the compliance of the conditions of Corporate Governance by AI ASSETS HOLDING LIMITED, (herewith referred as 'the Company') for the period ended on 31st March 2024 as per the specific provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises, Ministry of Civil Aviation.

The compliance of conditions of Corporate Governance is the responsibility of management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance as stipulated in above mentioned guidelines. It is neither an audit nor an expression of opinion on the financial statement of the company.

We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of certification and have been provided with such records, documents, certification, etc. as had been required by us.

In our opinion and to the best of our knowledge and information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned SEBI (LODR) Regulations and in the guidelines on corporate governance issued by the 'Department of Public Enterprises' except that:

i) Regulation 17(1), 18(1), 19(1)(c) and 20(1) pertaining to composition of Board and Committees of Board (Audit Committee, Nomination Remuneration Committee and Stakeholder Relationship Committee) with respect to appointment of Independent Director which resulted in non-compliance of Regulation 18(2)(b), 19(2), 20(2A) sub regulation (10) of Regulation 17 and sub regulation (1) of Regulation 24.

ii) Sub Regulation (1) of Regulation 23 regarding formulation of a policy on materiality of related party transaction and on dealing with the related party transactions and review and updation of such policy by the Board of Directors at least once in every three years.

iii) The Company maintained a functional website https://www.aiahl.in , however, all the requisite information as required under regulation 62 are not available on the website and the website is not updated in terms of sub-regulation (3) and (4) of regulation 62 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

iv) The Vigil Mechanism/Whistle Blower department of the Company is under the care of Dr. Nikhil K. Kanodia IPS who is appointed as the Chief Vigilance officer of the Company w.e.f. 06-09-2024. Thus, the Company do not have any policy on Vigil Mechanism as per Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We further state that such compliance is neither an assurance to the future viability of the Company nor the efficiency of the effectiveness with which the Management has conducted the affairs of the company.

Place: New Delhi
Date: 04-08-2025

**For T. Chatterjee & Associates**
**Company Secretaries**
FRN No. - P2007WB067100

**Sd/-**
**CS Sumana Subhash Mitra**
Partner
ACS:43291
COP: 22915
UDIN: A043291G000928032
Peer Review No. 908/2020

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## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF COMPANIES ACT, 2013 ON THE STANDALONE FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of standalone financial statements of AI Assets Holding Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 18 October 2024.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of AI Assets Holding Limited for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

Sd/-
(Pramod Kumar)
Addl. Deputy Comptroller and Auditor General
(Infrastructure)
New Delhi

Place: New Delhi
Dated: 22 August 2025

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# INDEPENDENT AUDITOR'S REPORT

To
The Members of **AI Assets Holding Limited**
(formerly Air India Assets Holding Limited)
**(CIN: U74999DL2018GOI328865)**

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

1. **Opinion**

We have audited the accompanying standalone Ind AS financial statements of AI Assets Holding Limited (formerly Air India Assets Holding Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2024, the Statement of Profit & Loss, Total Comprehensive Income, the Statement of Changes in Equity, Statement of Cash Flows for the year then ended and Notes to the Standalone Ind AS Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as the standalone Ind AS financial statements).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act 2013, as amended ("the Act') in the manner so required and give a true and fair view, in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and the other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2024, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**2. Basis for Opinion**

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

**3. Emphasis of Matter**

We draw your attention to: -

(i) Note no. 3.1 and 3.2 of the standalone Ind AS financial statement regarding the excess amount transferred by the Company over and above the assets/liabilities received amounting to Rs. 6,80,041.32 million during disinvestment which 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

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non-moving/scrapped inventories, any other provision of assets etc.) has not been provided for by the then AIL and hence could not be verified.

(ii) Note no. 3.3 and 23.i.e of the standalone Ind AS financial statements regarding levy of Rs. 318.35 million for liquidated damages against the recoverable amount of Rs. 2,657.43 from DRDO. The same has not been accounted for as a firm liability as the company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft was delivered within the extended date of delivery.

(iii) Note no. 3.4 of the standalone 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 details of expenditure of Rs.2,564.77 million, which is adjusted against the amount withheld by AIL, with unadjusted amount of Rs. 435.23 million in absence of confirmation from AIL.

(iv) Note no. 3.5 of the standalone Ind AS financial statement regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2,689.08 million as on 31.03.2024 (Previous Year Rs. 2,720.85 million), AIL has confirmed Rs. 1,422.61 million (Previous Year Rs. 1,494.70 million) as payable by the company to AIL. Consequently, the differential amount of Rs. 4,111.69 million is under reconciliation.

(v) Note no. 3.9 of the standalone Ind AS financial statement regarding claims raised by AIL against medical facilities provided by AIL to retired employees amounting to Rs. 1,813.31 million, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022 which includes Rs. 36.43 million which has not been accepted & accounted for by the Company and Rs. 588.60 million for which bills/supporting documents are yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company.

(vi) Note no. 9.1.a of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, the last physical verification of such movable assets was carried out by the management during the previous financial year in accordance with the policy. However, in absence of proper records of movable assets included in disposal group held for sale, the existence and reconciliation of movable assets cannot be commented upon.

(vii) Note nos. 9 and 17 of the standalone Ind AS financial statement regarding certain 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, the company has surrendered/ in the process of surrendering of certain properties to the allotting authority without any compensation as there is no clause of compensation in the lease agreement on surrendering of property in lieu of unexpired lease period.

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(viii) Note 9.4 of the standalone Ind AS financial statements on disinvestment plan of the subsidiaries, roadshows were 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.

(ix) Note no. 9.5 of the standalone Ind AS financial statement regarding interest charged by the company in contravention to the requirement of section 186(7) of the Companies Act, 2013. The company had charged interest only @ 1% p.a. on the advance of Rs 562.50 million given by the company to one of its subsidiary companies which is well below the prevailing yield on Government Securities.

(x) Note no. 9.5 of the standalone Ind AS financial statement regarding charging interest of Rs.4,784.98 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.45,706.76 million from the subsidiaries. Though, the subsidiaries are not able to repay the principal or interest of the outstanding recoverable (except AIESL), the company is charging interest from these subsidiaries @ 9% p.a. on average balance.

(xi) Note no. 17 of the standalone Ind AS financial statements, the company has classified Rs.985.89 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 out of the said amount, other supporting/confirmation for Rs. 426.90 million are not available on record.

(xii) Note 21.1 of the standalone Ind AS financial statements regarding rates & taxes of Rs.1,010.33 million towards the provision made in the books of the company in respect of property tax, state levies and stamp duty on certain properties for which the payment is uncertain since the sale of such properties are not yet confirmed. Also, no provision has been created in respect of some of the properties as in the opinion of the management those properties are non-transferable to the company due to ambiguities in title and ownership.

(xiii) Note 23.i.d of the standalone Ind AS financial statements regarding contingent liability which includes demand raised by BSE amounting to Rs. 8.90 million. The same has been considered as contingent liability instead of firm liability as in the opinion of the management this will be waived off in the light of company’s impending request for waiver to BSE.

(xiv) Note 24 of standalone Ind AS financial statements regarding non-reconciliation of GST Input Tax Credit as per books of accounts vis-à-vis GST portal which includes certain amount of GST ITC which is not appearing on the GST portal and 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 validated by the GST department.

(xv) Note 30 of the Standalone Ind AS financial statements, the 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

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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.

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

4. **Key Audit Matters**

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

| S. No. | Key Audit Matters | How Our Audit addressed the key audit matters |
|---|---|---|
| 1 | **Transactions relating to disinvestment of Air India Limited (refer note no. 3 to the standalone Ind AS financial statements)**<br>We consider this matter to be of most significance in our audit due to the materiality of the balances in the standalone Ind AS financial statements: - | |
| | 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), against this assets/ liabilities/ monetization proceeds for Rs.1,51,908.25 million were transferred by the then AIL till 31st March 2024. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.33 million as separate line item under "Equity & Liabilities" as on 31st March 2024. 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. | 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 the 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 on the self-certified documents provided by AIL.<br>We have relied on the information/ documents provided by the management |

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|---|---|---|
| | | as received from AIL. We have not been provided with any Utilization certificate of funds utilized by AIL during previous years for the purpose these were intended to by either statutory auditors of AIL or from any independent agency. |
| **2** | **Independent Director under Companies Act, 2013**<br>**(refer Note no. 31.a to the standalone Ind AS financial statements)**<br>We consider this matter to be of most significance in our audit due to the noncompliance of the statutory requirements under the provisions of the Companies Act, 2013 - | |
| | 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.** | **Utilization of Grants**<br>**(refer Note 4.2 to the standalone Ind AS financial statements)**<br>We consider this matter to be of most significance in our audit due to the materiality of the balances in the Standalone Ind AS financial statements - | |
| | 1. Grant in aid received from Govt. of India of Rs.6,500 million towards servicing of interest for the two NCDs series of Rs.1,49,850 million issued by the company. | Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants.<br>Note no. 1.A of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as "SPV" for transfer of identified debts of AIL to "SPV" duly approved by the Government of India and Board of Directors of both the companies.<br>The grant received from Government is being accounted as "other income" to the extent of the equivalent amount expensed off during the year. The company has received Rs.6,500 million as Budgetary support / grant from the Government during the year which is fully utilized hence, accounted as "other income".<br><br>We reviewed the relevant sanction letters embodying the purpose and utilization |

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|---|---|---|
| | | thereof of such grants in terms of rules framed under GFR. |
| | 2. Grant in aid received from Government of India of Rs.510 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.<br><br>In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 510 million to be utilized for the purpose of medical expenses of such retired and retiring employees.<br><br>We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR. |
| **4** | **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) -** | |
| | 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) | Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and the then AIL for all the transactions made between AIL and the Company. |

**5. <u>Other Matter</u>**

The previous year figures were audited by the erstwhile auditors; we have accordingly relied upon the same.

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**6. Information other than the standalone Ind AS financial statements and auditors' report thereon**

The Company's board of directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report but does not include the standalone Ind AS financial statements and our auditor's report thereon. The other information as stated above is expected to be made available to us after the date of this auditors' report.

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

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

When we read such other information as and when made available to us and if we conclude that there is material misstatement therein, we are required to communicate the matter to those charged with governance.

**7. Management responsibility for the standalone Ind AS financial statements**

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

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

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

**8.Auditor's Responsibilities for the Audit of the standalone Ind AS financial statements**

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing (SA's) will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

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

- Identify and assess the risks of material misstatement of the standalone 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 company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone Ind AS financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone Ind AS financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone Ind AS financial

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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, we give in the **'Annexure A',** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143 (3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit read with matters as reported in "Emphasis of Matter" and "Key Audit Matters" paragraph above.
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Statement of Change in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.
   e) Disqualification of Directors stated in section 164(2) of the Act is not applicable to Government Company as per notification no. GSR 463E of the Ministry of Corporate Affairs, Government of India dated 5th June, 2015.
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **'Annexure B'**. Our report expresses an unmodified opinion on the adequacy of and operating effectiveness of the company's internal financial controls over financial reporting.
   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, we report that, in terms of Ministry of Corporate Affairs, Government of India, notification number G.S.R. 463 (E) dated 5th June 2015 provisions of section 197 of the act are not applicable to the company.
   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 and Companies (Audit and Auditors) Amendment Rules, 2021 in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company has does not have any pending litigations which would impact its financial position.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(a) The management has represented that, to the best of its 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 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, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, 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.

(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material mis-statement.

iv) No dividend has been declared or paid during the year by the company.

v) We are enclosing our report in terms of section 143 (5) of the Act, on the directions/ sub directions issued by the Comptroller and Auditor General of India, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanation given to us in "Annexure C".

vi) Based on our examination, which included test checks, the company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility. However, in the absence of Service Organization Controls Report, we are unable to comment on whether audit trail feature of the said software was enabled and operated throughout the period for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

For Kumar Mittal & Co.
Chartered Accountants
ICAI Firm Registration No. 010500N
**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN:24094292BKAQPI6030

Place: New Delhi
Date: 18th October 2024

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Annexure "A"

**The Annexure "A" referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date to the standalone Ind AS financial statements of the company for the year ended 31st March 2024:**

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

(i) (a) (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. However, for "Assets in disposal group held for sale", transferred by the then AIL without physical handover and takeover and without transferring the ownership of the assets except Airlines House, Kolkata (1 no) and no fixed assets register w.r.t "Assets included in disposal group held for sale" was made available for our verification.

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment (excluding assets included in disposal group held for sale) have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For "Assets included in disposal group held for sale" for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no report on physical verification of movable assets is made available to us for our verification and with regard to the physical verification of immovable assets it was explained to us that the same has been carried out partially during the prior years by the management however, no physical verification was conducted during the current financial year.

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

| Sr. No. | Description of property | Gross carrying value (in Rs million) | Held in the name of * | Whether promoter, director or their relative or employee | Period held: indicate a range, where appropriate | Reason for not being held in the name of company | Remark |
|---|---|---|---|---|---|---|---|
| 1 | **Freehold** | 3,323.62 | Air India Limited /AIAHL | No. | 31st March, 2022* | Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements | - |
| 2 | **Other than Freehold** | 68,617.38 | Air India Limited | No. | 31st March, 2022 | Refer Note No. – 9, 9.1 and 9.2 of | - |

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|---|---|---|---|---|---|---|---|
| | | | | | | standalone Ind AS financial statements | |
| **3** | **Other Structures** | 3,324.23 | Air India Limited | No. | 31st March, 2022 | Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements | - |

** Except title transferred (on 08-12-2022) to AIAHL of the property- Airlines House, Kolkata.*

Since, we were not made available the title deeds of immovable properties, we are unable to comment on the period as well as title with the then AIL for which the properties were held.

(d) The company had not revalued any of its Property, Plant and Equipment's (including "Assets included in disposable group held for sale") during the year.

(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

(ii) (a) The Company has not carried any inventory as on 31st March, 2024 as defined under Indian Accounting Standard (Ind AS 2) – Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the of the order is not applicable to the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limit during any point of time of the year from banks or financial institutions. Accordingly, the provision of clause 3 (ii) (b) of the Order is not applicable to the Company.

(iii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, during the year, the company has not granted any advances in the nature of loan to any of its subsidiaries during the year. (Refer note nos. 9 and 23.ii of the standalone Ind AS financial statements.)

(A) (Amount in Rs. million)

| Particulars | Guarantees/ SBLC/ BG | Security | Loans | Advances in nature of loans |
|---|---|---|---|---|
| Aggregate amount granted/ provided during the year | | | | |
| - Subsidiaries | - | - | - | - |
| - Joint | - | - | - | - |
| Ventures | - | - | - | - |
| - Associates | - | - | - | - |
| - Others | - | - | - | - |
| Balance outstanding as at balance sheet date in respect of | | | | |
| | | - | - | |

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| | | | | |
|---|---|---|---|---|
| above cases (including interest accrued)<br>- Subsidiaries<br>- Joint Ventures<br>- Associates<br>Others | 5,983.47<br>- | - | - | 55,604.86<br>- |

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

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are prima facie not prejudicial to the company's interest except loan in the nature of advance of Rs.562.50 million (paid in FY 2021-22) given to one of its subsidiary at interest @ 1% p.a. (refer note no. 9.5 of the standalone Ind AS financial statements.)

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of advance in the nature of loan given to its four subsidiaries. There is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest and there is no repayment of interest or principal during the year except from one subsidiary (i.e., from AIESL), hence the repayments or receipts are not regular.

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

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted advances in the nature of loans repayable on demand or without specifying any terms or period of repayment for which details are as under (refer note no. 9 of the standalone Ind AS financial statements.)

Advances to subsidiaries (inclusive of interest) amounting to Rs. 55,604.86 million classified as "Assets included in disposal group held for sale.

- Aggregate amount of loans or advances of above nature given during the year is Rs. Nil.
- Percentage thereof to the total loans granted during the year is 0%
- Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Rs.55,604.86.

(iv) According to the information and explanations given to us and on the basis of our examination of the records, the company has given advance in the nature of loan to one of its subsidiary (refer note no. 9.5 of the standalone Ind AS financial statements) on

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which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186(7) of the Companies Act, 2013.

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

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

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

According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the provisions of paragraph 3 (vii) (b) of the order is not applicable to the Company.

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

(ix) (a) According to the information and explanations given to us and based on the examination of the records of the Company, the provision of clause 3 (ix) (a) of the order is not applicable.

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

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

(d) According to the information and explanations given to us and procedures performed by us and on an overall examination of the standalone Ind AS financial statements of

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the Company, we report that no funds raised on shortterm basis have been used for long-term purposes by the Company, Accordingly, the provision of clause 3 (ix) (d) of the Order is not applicable to the Company.

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

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

(x) (a) The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3 (x) (a) of paragraph 3 of the order is not applicable.

(b) The company has allotted 600 million equity shares in two tranches during the financial year 2023-24 to the Government of India.

(ix) (a) During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practice in India, and according to the information and explanations given to us, no fraud by the Company and on the Company has been noticed or reported during the year.

(b) No report on any matter under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year.

(xii) In our opinion, the company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) (a), 3 (xii) and 3 (xii) (c) of the Order is not applicable.

(xiii) As per information and explanation given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and all the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable Ind AS. (refer note no. 28 of the standalone Ind AS financial statements).

(xiv) (a) According to the information and explanation given to us and on the basis of examination of the records,the company has an internal audit system which is commensurate with the size and nature of its business of the company, which needs to be further strengthened in terms of nature, timing and extent of audit procedures.

(b) We have considered, the internal audit reports for the year under audit, issued by the outsourced firm of Chartered Accountants.

(xv) According to the information and explanation given to us and on the basis of examination of the records, the company has not entered into any non-cash transactions within the meaning of section 192 of the Companies Act, 2013, with directors or persons connected with them. Accordingly, the provision of clause 3 (xv) of the order is not applicable to the Company.

(xvi) (a) In our Opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (a to c) of the Order is not applicable to the Company.

(b) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India, as part of the group. Accordingly, the provision of clause 3 (xvi) (b) of the Order are not applicable to the Company.

(xvii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has booked cash losses of Rs. Nil in current financial year & cash losses of Rs. 5,512.15 million in the immediately preceding financial year.

(xviii) According to the information and explanations given to us, there is no resignation of the statutory auditors during the year in the Company. Accordingly, clause 3 (xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

(xx) According to the information and explanations given to us and based on our examination of the records of the Company, the provision of clause 3 (xx) of the Order is not applicable to the company for the year ended 31$^{st}$ March, 2024. However, in respect of period up to financial year 2022-23, the compliance of the provisions of section 135 is yet to be made. (refer note no. 30 of the standalone Ind AS financial statements).

(xxi) The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone Ind AS financial statements. Accordingly, no comment in respect of the said clause has been included in this report.

For Kumar Mittal & Co.
Chartered Accountants
ICAI Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN:24094292BKAQPI6030

Place: New Delhi
Date : 18th October 2024

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**Annexure 'B'**

## Annexure 'B' Report on Internal Financial Controls Over Financial Reporting

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

We have audited the internal financial controls over financial reporting of AI Assets Holding Limited (formerly Air India Assets Holding Limited) ("the Company") as of 31st March, 2024 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

### 2. Auditors' Responsibility

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

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

We believe that the audit evidence (except in the case of delegation of financial power which are under process of strengthening) we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone Ind AS financial statements.

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

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

**5. Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to standalone Ind AS financial statements and such internal financial controls over financial reporting with reference to standalone Ind AS financial statements were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria with respect to standalone Ind AS financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, except as follows:

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- The company does not have documented policies and procedures in place for certain processes and documentation.
- The company does not have a formalized Delegation of Authority Matrix for certain transactions.
- Testing of Internal Financial Controls over Financial Reporting has not been carried out by any independent external expert after the financial year 2021-22.

For Kumar Mittal & Co.
Chartered Accountants
ICAI Firm Registration No. 010500N

**Sd/-**
(Rohtash Mohan)
Partner
M. No. 094292
UDIN:24094292BKAQPI6030

Place: New Delhi
Date : 18th October 2024

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**Annexure 'C'**

**Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of M/s AI Assets Holding Limited (formerly Air India Assets Holding Limited) for the year 2023-24 issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013.**

| Sl. No. | Directions | Auditor's Comments |
|---|---|---|
| 1. | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software. |
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?<br>(In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company). | There is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by the lender to the Company due to the Company's inability to repay the loan. |
| 3. | Whether funds (grants/ subsidy etc.) received/receivable for specific schemes from Central/State Government or its agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation. | Yes, funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized for the purpose it was intended for. Further, the company had received Rs.510 million towards medical expenses for eligible retired employees of AIL and Rs.6,500 million towards interest on NCD's. |

**For Kumar Mittal & Co.**
Chartered Accountants
ICAI Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN:24094292BKAQPI6030

Place: New Delhi
Date : 18th October 2024

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## COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of AI Assets Holding Limited (AIAHL) (formerly Air India Assets Holding Limited) for the year ending 31st March, 2024 in accordance with the directions/ sub-directions issued by the C & AG of India under Section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions/ Sub Directions issued to us.

**For Kumar Mittal & Co**.
Chartered Accountants
ICAI Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN:24094292BKAQPI6030

Place: New Delhi
Date : 18th October 2024

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**MANAGEMENT REPLIESTO THE INDEPENDENT AUDITORS' REPORT ON THE STANDALONE FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE FINANCIAL YEAR 2023-24**

| Sl. No. | Emphasis of Matter | Management Reply |
|---|---|---|
| i | Note no. 3.1 and 3.2 of the standalone Ind AS financial statement regarding the excess amount transferred by the Company over and above the assets/liabilities received amounting to Rs. 6,80,041.32 million during disinvestment which 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/scrapped inventories, any other provision of assets etc.) has not been provided for by the then AIL and hence could not be verified. | 1. The Company is a SPV formed for the specific purpose of warehousing Assets and Liabilities of Air India.<br>2. The Company does not have any commercial operations and has been formed as a Special Purpose Vehicle (SPV) for the purposes of handling/ implementing/ accounting the disinvestment transactions arising from the GOI-approved disinvestment of Air India Ltd.<br>3. Based on GoI various approvals, the Company, from the Equity proceeds received by AIAHL from GOI in FY 2021-22 and the GOI assured NCDs proceeds had transferred to Air India in FY 2019-20 and in 2021-22 these funds aggregating to Rs 8,31,949.58 million to the then Air India for settling various Identified Air India liabilities towards AI disinvestment completion.<br>4. As the aforestated funds support provided by AIAHL, AI transferred in FY 2021-22 to AIAHL in lieu thereof Assets including certain identified immovable properties (at their book values) and liabilities amounting to Rs. 1,54,431.33 million as per the GoI decisions for which a Restated framework agreement dated 5th Jan 2022 was executed between AIL and the Company in FY 2021-22.<br>5. The Company has shown these assets in the Financial Statements as "Assets held for Sale" as per IND AS 105.<br>6. The amounts paid to the then AIL towards disinvestment transactions over and above the assets/liabilities transferred to the company has thus been shown as 'Other Equity' as all the identified transactions pertaining to disinvestment for AI's debt repayment and liabilities settlements as advised |

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| Sl. No. | Emphasis of Matter | Management Reply |
|---|---|---|
| | | by Air India were disclosed and adjusted from this account routed through the company, funded from the GOI equity/GOI assured debts as NCDs. |
| | | 7. These transactions adjusted against the Equity are unique and non-recurring and are specific to the disinvestment transactions of AI.<br>8. As disclosed at Note 3 of the Notes to the accounts, the amounts with held by AI from the equity funds provided by the Govt. are included as the Recoverable from AIL and disclosed in detail in the said Note 3 pending settlement.<br>9. In view of the foregoing, the excess amount is not shown as a Loss in the Profit and Loss account as these assets/subsidiaries' balances (disclosed under disposal group held for sale) transferred by AIL upon its disinvestment will be monetized/ disinvested in due course.<br>10. Accordingly, the total amount representing the funds transferred to the then AI over and above assets/liabilities Rs.680,041.32 million as on 31.03.2024 has been shown under "Other Equity". |
| ii | Note no. 3.3 and 23.i.e of the standalone Ind AS financial statements regarding levy of Rs. 318.35 million for liquidated damages against the recoverable amount of Rs. 2,657.43 from DRDO. The same has not been accounted for as a firm liability as the company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft was delivered within the extended date of delivery. | The company is pursuing with AIESL, who were associated by the then AIL in the delivery and technical acceptance of the aircraft to DRDO, for pursuing with DRDO and arrange early settlement in the matter of deletion/waiver of liquidated damages claimed by DRDO as the aircraft were delivered within the extended delivery date. In view of the documentary evidence of delivery acceptance letter on record, the claim for DRDO for alleged delay in delivery of aircraft has not been provided, however, detailed disclosures in this regard is given in the Notes no 23 of the Annual Accounts. |

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| Sl. No. | Emphasis of Matter | Management Reply |
|---|---|---|
| iii | Note no. 3.4 of the standalone 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 details of expenditure of Rs.2,564.77 million, which is adjusted against the amount withheld by AIL with unadjusted amount of Rs. 435.23 million in the absence of confirmation from AIL. | Based on the detailed information received from AIESL on the maintenance expenses incurred on the aircraft that were not airworthy as on the date of disinvestment of AIL, the Company has adjusted Rs. 2,564.78 million against Rs. 3,000 million funds retained by the then AIL, and as such the balance amount is shown as recoverable from AI which had been advised to AIL.<br>If any further adjustment is required accounting impact by adjusting the Other Equity shall be given in the year the transaction is settled. |
| iv | Note no. 3.5 of the standalone Ind AS financial statement regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2,689.08 million as on 31.03.2024 (Previous Year Rs. 2,720.85 million), AIL has confirmed Rs. 1,422.61 million (Previous Year Rs. 1,494.70 million) as payable by the company to AIL. Consequently, the differential amount of Rs. 4,111.69 million is under reconciliation. | The Recoverable (net) amount shown in the books of the company as disclosed in Note 3.5 represents mainly those disinvestment transactions for which funds retained by AIL which have remained unsettled to be adjusted from the Other Equity for want of credit / justification in support/ documents/details required from AIL :-<br><br>(i) IATA funds receivable(Garnishment) - Rs.1322.93 million<br><br>(ii) DRDO recoverable - Rs 481.71 million<br><br>(iii) PSS (AMADEUS) - Rs. 309.61 million<br><br>(iv) Aircraft Maintenance-Unspent - s 435.23 Million<br><br>(v) Revenue share of AIAS - Rs. 1115.99 million<br><br>Additionally, refer disclosure at Note no.3.8 in terms of which the interest paid and claimed by AI for period prior to 1st Oct 2018 (the cutover date for disinvestment transactions taken over by AIAHL-SPV as decided by GOI) also required to be settled with AI.<br>Besides, these there is Rent Recoverable from AI for areas occupied and used by AI post disinvestment period.<br>Against the above recoverables, mainly there is payable claim (net) of AI for |

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| Sl. No. | Emphasis of Matter | Management Reply |
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| | | medical expenditure incurred by AIL for AI retirees for Rs.1305.04 crores for which detailed supporting documents are awaited for settlement.<br>Air India is being pursued for discussing and settling each of the transactions, the effect of the outcome and reconciliation shall be effected during the FY 2024-25. |
| v | Note no. 3.9 of the standalone Ind AS financial statement regarding claims raised by AIL against medical facilities provided by AIL to retired employees amounting to Rs. 1,813.31 million, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022 which includes Rs. 36.43 million which has not been accepted & accounted for by the Company and Rs. 588.60 million for which bills/supporting documents are yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company. | Furthermore, AIL has raised claims of ₹1,813.31 million (Seven Invoices without supporting papers) against medical facilities provided by AIL to retired employees, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022.<br>The above claims include ₹ 36.43 million which has not been accepted & accounted for by the Company as these claims pertain prior to the above stated period.<br>Further, the above claim also include ₹ 588.60 million for which bills/supporting documents is yet to be provided by AIL to the Company.<br>However, the liability for the said amounts has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company.<br>Out of the remaining claim of ₹ 1,188.28 million, claims for amounting to ₹ 560.38 million have been paid to AIL and remaining are in the process of verification and on completion of the said process accounting impact of excess/short found, if any, will be adjusted. |
| vi | Note no. 9.1.a of the standalone Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, the last physical verification of such movable assets | The assets have been transferred to the company by the then AIL at their respective carrying (Book) values.<br>These have been accounted in the books of the Company at these AIL advised values.<br>It was also decided in the meeting held on 01.12.2021 in Min. of Civil Aviation, GOI, that since the properties are being |

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| Sl. No. | Emphasis of Matter | Management Reply |
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| | was carried out by the management during the previous financial year in accordance with the policy. However, in absence of proper records of movable assets included in disposal group held for sale, the existence and reconciliation of movable assets cannot be commented upon. | transferred from one Government Organization to another, hence transfer be effected on "Book Value basis" and there does not arise any need of valuation of the property at this stage. Accordingly, these assets are carried at their book values.<br>The effect of the last physical verification of the movable assets shall be confirmed and recorded in the books of accounts in the year of the next biennial verification. |
| vii | Note nos. 9 and 17 of the standalone Ind AS financial statement regarding certain 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, the company has surrendered/ in the process of surrendering of certain properties to the allotting authority without any compensation as there is no clause of compensation in the lease agreement on surrendering of property in lieu of unexpired lease period. | The company is vigorously pursuing with the respective State governments /authorities to monetize these assets.<br>There are certain properties where the lease period has expired. The company has taken up the matter with the State Governments/Local Allotting Authorities on the lease/surrender of the properties.<br>As per certain lease deed, no compensation is payable by the Allotting authority and therefore the Allotting Authorities have expressed inability to offer any compensation.<br>However, the company is corresponding with the State Governments/ Authorities to favorably consider the Company's request for compensation. |
| viii | Note 9.4 of the standalone Ind AS financial statements on disinvestment plan of the subsidiaries, roadshows were 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. | Statement of fact. |
| ix | Note no. 9.5 of the standalone Ind AS financial statement regarding interest charged by the company in contravention to the requirement of section 186(7) of the Companies Act, 2013. The company had charged interest only @ 1% p.a. on the advance of Rs 562.50 million given by the company to one of its subsidiary company which is well below the prevailing yield on Government Securities. | The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 (before AIL disinvestment date of 27/01/2022) in view of the impending transfer of ownership of M/s Alliance Air Aviation limited to Holding Company, had approved annual interest rate of 1% on the Advance amount lent to M/s Alliance Air Aviation Limited (AAAL), now a 100% subsidiary of the company to enable AAAL to then meet the security deposit condition/requirements of their lessors to |

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| Sl. No. | Emphasis of Matter | Management Reply |
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| | | continue their aircraft leases post AIL disinvestment. |
| x | Note no. 9.5 of the standalone Ind AS financial statement regarding charging interest of Rs.4,784.98 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.45,706.76 million from the subsidiaries. Though, the subsidiaries are not able to repay the principal or interest of the outstanding recoverable (except AIESL), the company is charging interest from these subsidiaries @ 9% p.a. on average balance. | Air India during the course of business inter-dependence with its subsidiaries had given certain advances (adjustable against services rendered to AIL) for a period of time which were shown recoverable in AILs books.<br>AIL charged interest @9% p.a on the average balance of overdue amounts.<br>AIAHL had raised funds through NCDs at rates varying from 6.99% to 7.39% p.a.<br>As decided in the 15th Audit Committee/36th Board of Directors meeting held on 6th June 2022, the matter was referred to Min. of Finance, GOI who advised as under vide their OM dated 22/07/2022<br>*"These subsidiaries were already paying interest on the loans to Air India, these subsidiaries may pay at the same rate to AI Assets Holding Limited (AIAHL). First charge on income should be payment of interest".*<br>In terms of the above, the company has charged 9% interest on the outstanding recoveries from its subsidiaries.<br>During FY 2022-23 & 2023-24, AIESL has paid towards recoverable dues to the Company. |
| xi | Note no. 17 of the standalone Ind AS financial statements, the company has classified Rs.985.88 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 out of the said amount, other supporting/confirmation for Rs. 426.90 million are not available on record. | The liabilities for these transactions recorded in FY 2021-22 in the books of accounts on the basis of Debit/Credit notes provided by the then AIL.<br>Further details/supporting documents against these liabilities sought from Air India, upon receipt of which appropriate updated action, if any, shall be taken. |
| xii | Note 21.1 of the standalone Ind AS financial statements regarding rates & taxes of Rs.1,010.33 million towards the provision made in the books of the company in respect of property tax, state levies and stamp duty on certain properties for which the payment is uncertain since the sale of such properties are not yet confirmed. Also, no provision has been created in respect of some of the properties as in the opinion of the management those properties are non-transferable to the company due to ambiguities in title and ownership. | The Immovable properties have been accounted by the company in the books based on AI book values transfer pending title transfer in favour of AIAHL considering certain issues. However, given the need for such title transfer of the immovable properties, provision for stamp duty expenses for these properties based on estimation for transfer values was made in the previous years. Accordingly, this year based on detailed review of all such properties, fresh estimates worked out and provision for stamp duty and registration charges in this regard updated in the books of accounts for those properties where |

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| Sl. No. | Emphasis of Matter | Management Reply |
|---|---|---|
| | | transfer of title is feasible in the assessment of the company. |
| xiii | Note 23.i.d of the standalone Ind AS financial statements regarding<br>contingent liability which includes demand raised by BSE amounting to Rs. 8.90 million. The same has been considered as contingent liability instead of firm liability as in the opinion of the management this will be waived off in the light of company's impending request for waiver to BSE. | In view of the BSE having already provided a waiver to the company in 2021, Min. of Civil Aviation, GOI request of Oct 2022 and company's fresh requests in Sept 2024 to BSE, on the grounds that the company is dependent upon GOI grant funds for all its expenses. Therefore, in company's assessment these penalties, for which there is strong like hood of a favourable consideration by BSE, have been disclosed as Contingent liability, as done in the previous years. |
| xiv | Note 24 of standalone Ind AS financial statements regarding non reconciliation<br>of GST Input Tax Credit as per books of accounts vis-à-vis GST portal which includes certain amount of GST ITC which is not appearing on the GST portal and 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 validated by the GST department. | Out of the total input GST Rs.226.48 million, the company availed the major portion of GST ITC, however, for the balance amount of Rs. 53.86 million which are not appearing on the portal of GST/not available for availment, for which services of another GST Consultant to assist for the availment of the said ITC is being considered. |
| xv | Note 30 of the Standalone Ind AS financial statements, the 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. | The Company is an SPV incorporated by GoI for the specific purpose and company is not being a commercial/business entity and financially dependent upon the Govt. of India even for recurring expenses of the company. In view of the said facts, the Company sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee.<br>The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested Min. of Corporate Affairs to re-examine their decision for the exemption from CSR. The decision of the Min. of Corporate Affairs, GOI is awaited.<br>Based on the final decision of the Min. of Corporate Affairs, GOI the constitution of the CSR committee by the competent authority and the allocation/expenditure towards CSR activities relating to earlier applicable years shall be actioned |

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**Management Response to Audit Observations on Emphasis of Matter and Key Audit Observations:**

| Sl. No. | Key Audit Matters | How our audit addressed the Key Audit Matters | Management Reply |
|---|---|---|---|
| 1 | **Transactions relating to disinvestment of Air India Limited (refer note no. 3 to the standalone Ind AS financial statements)** We consider this matter to be of most significance in our audit due to the materiality of the balances in the standalone Ind AS financial statements: - | | |
| | 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), Against this assets/ liabilities/ monetization proceeds for Rs.1,51,908.26 million were transferred by the then AIL till 31st March 2024. 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 2024. 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. | 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 the 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 AIL for which details were not provided, however, we have relied on the self-certified documents provided by AIL. We have relied on the information/documents provided by the management as received from AIL. We have not been provided with any Utilization certificate of funds utilized by AIL during previous years for the purpose these were intended to by either statutory auditors of AIL or from any independent agency. | This is a matter of fact. However, the referred transactions are the disinvestment-related transactions for assets/ liabilities/funds transferred were accounted in FY 2021-22. |
| 2 | **Independent Director under Companies Act, 2013 (refer Note no. 31.a to the standalone Ind AS financial statements)** 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 - | | |
| | 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. | This is a statement of fact. |

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| Sl. No. | Key Audit Matters | How our audit addressed the Key Audit Matters | Management Reply |
|---|---|---|---|
| 3. | **Utilization of Grants**<br>**(refer Note 4.2 to the standalone Ind AS financial statements)**<br>We consider this matter to be of most significance in our audit due to the materiality of the balances in the Standalone Ind AS financial statements - | | |
| | 1. Grant in aid received from Govt. of India of Rs.6,500 million towards servicing of interest for the two NCDs series of Rs.1,49,850 million issued by the company. | Grant in aid received from Govt. of India of Rs.6,500 million towards servicing of interest for the two NCDs series of Rs.1,49,850 million issued by the company. | This is a statement of fact. |
| | 2. Grant in aid received from Government of India of Rs.510 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.<br><br>In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 510 million to be utilized for the purpose of medical expenses of such retired and retiring employees.<br><br>We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR. | This is a statement of fact. |
| 4 | 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) - | | |
| | 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) | 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) | This is a statement of fact. |

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**Annexure A**

Referred to in paragraph under the heading Report on "Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The "Company") for the year ended on 31st Mar 2024

| S. No. | Audit Observations | Management Reply |
|---|---|---|
| i. | a. (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. However, for "Assets included in disposal group held for sale", transferred by the then AI without physical handover and takeover and without transferring the ownership of the assets except Airlines House, Kolkata (1 no) and no fixed assets register w.r.t "Assets included in disposal group held for sale" was made available for our verification. | The then AIL has book transferred the assets to the Company. However, as per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by the then AIL on behalf of the company. Such assets are under transfer to the company.<br><br>The required Fixed Assets Register (FAR) descriptive details, based on details received from AIL in FY 2021-22 for the assets classified under "Assets included in disposable group held for sale", including immovable properties are disclosed at Note 9 including the fact that title for transfer of ownership is in process. For some of the movable assets, it is submitted that Fixed Assets register is being maintained in an electronic form received from the then AIL alongwith Debit Notes at the time of transfer of these assets in 2021-22. |
| | (B) According to the information and explanation given to us, the Company doesn't have any intangible assets. | Statement of Fact |
| | (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment (excluding assets included in disposal group held for sale) have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For "Assets | Statement of Fact. However, in respect of Assets classified as held for sale, are the PPE which were book transferred by the then AIL to the Company and a complete list of assets transferred by the then AIL was provided. |
| | included in disposal group held for sale" for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, | Regarding movable assets, the Company had hired an external agency to carry out the tagging |

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<td>no report on physical verification of movable assets is made available to us for our verification and with regard to the physical verification of immovable assets it was explained to us that the same has been carried out partially during the prior years by the management however, no physical verification was conducted during the current financial year.</td>
<td>of all the assets located at several locations, whose report is in the process of reconciliation. The effect of the last physical verification of the movable assets shall be confirmed and recorded in the books of accounts in the year of the next biennial verification.</td>
</tr>
<tr>
<td></td>
<td>(c) According to the information and explanations given to us as the “Assets included in disposal group held-for-sale” disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022. As per information and explanation given to us, we report that, the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under “Assets included in disposal group held-for-sale” were not held in the name of the company except certain properties. The details of such properties is given below:
<table>
<tr><th>Sr. No.</th><th>Description of property</th><th>Gross carrying value (in Rs million)</th><th>Held in the name of</th><th>Whether promoter, director or their relative or employee</th><th>Period held: indicate a range, where appropriate</th><th>Reason for not being held in the name of company</th></tr>
<tr><td>1</td><td>Freehold</td><td>3,323.62</td><td>Air India Limited /AIAHL</td><td>No.</td><td>31st March, 2022*</td><td>Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements</td></tr>
<tr><td>2</td><td>Other than Freehold</td><td>68,617.38</td><td>Air India Limited</td><td>No.</td><td>31st March, 2022</td><td>Refer Note No. – 9, 9.1 and 9.2 of</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>standalone Ind AS financial statements</td></tr>
<tr><td>3</td><td>Other Structures</td><td>3,324.23</td><td>Air India Limited</td><td>No.</td><td>31st March, 2022</td><td>Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements</td></tr>
</table>
Except title transferred (on 08-12-2022) to AIAHL of the property- Airlines House, Kolkata.<br>
Since, we were not made available the title deeds of immovable properties, we are unable to comment on the period as well as title with the then AIL for which the properties were held.</td>
<td>As per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company.<br><br>Title deeds of remaining assets are under process of transfer to the company from AIL.</td>
</tr>
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<table>
<tr><td></td><td>(d) The company had not revalued any of its Property, Plant and Equipment's (including "Assets included in disposable group held for sale") during the year.</td><td>Statement of fact</td></tr>
<tr><td></td><td>(e) No proceedings have been initiated during the year or are pending against the Company as at 31st March, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.</td><td>Statement of fact</td></tr>
<tr><td>ii.</td><td>(a) The Company has not carried any inventory as on 31st March, 2024 as defined under Indian Accounting Standard (Ind AS 2) – Inventories. Accordingly, the provisions of clause 3 (ii) (a) of the order is not applicable to the Company.<br><br>(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limit during any point of time of the year from banks or financial institutions. Accordingly, the provision of clause 3 (ii) (b) of the Order is not applicable to the Company.</td><td>Statement of fact<br><br>Statement of fact</td></tr>
<tr><td>iii.</td><td>(a) According to the information and explanations given to us and on the basis of our examination of the records of the company, during the year, the company has not granted any advances in the nature of loan to any of its subsidiaries during the year. (refer note nos. 9 and 23.ii of the standalone Ind AS financial statements.)</td><td>Statement of fact</td></tr>
<tr><td></td><td>(A) (Amount in Rs. million )<br><table><tr><th>Particulars</th><th>Guarantees / SBLC/ BG</th><th>Security</th><th>Loans</th><th>Advances in nature of loans</th></tr><tr><td>Aggregate amount granted/ Provided during the year<br>-Subsidiaries<br>- Joint Ventures<br>- Associates<br>- Others</td><td><br><br>-<br>-<br>-<br>-<br>-</td><td></td><td><br><br>-<br>-<br>-<br>-<br>-</td><td>257.70<br><br>-<br>-<br>-<br>-</td></tr><tr><td>Balance outstanding as at balance sheet date in respect of above cases (Including interest accrued)<br>- Subsidiaries<br>- Joint Ventures<br>- Associates<br>- Others</td><td>5895.04<br>-<br>-<br>-<br>-</td><td></td><td>-<br>-<br>-<br>-<br>-</td><td>53896.67<br>-<br>-<br>-<br>-</td></tr></table></td><td></td></tr>
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|---|---|---|
| | (B) The company has not given any loans or advances in the nature of loans to other than subsidiaries, therefore reporting under clauses (iii) (a) (B) of paragraph 3 of the said order is not applicable to the Company. | Statement of fact |
| | (b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the investments made, guarantees provided, security given and the terms and conditions of the grant of all loans and advances in the nature of loans and guarantees provided are prima facie not prejudicial to the company's interest except loan in the nature of advance of Rs.562.50 million (paid in FY 2021-22) given to one of its subsidiary at interest @ 1% p.a. (refer note no. 9.5 of the standalone Ind AS financial statements.) | The Board of Directors of the Company in its 33rd meeting dated 24/01/2022 had approved for advance of Rs. 562.50 million @ 1% per annum to M/s Alliance Air Aviation limited in view of the impending transfer of ownership of M/s Alliance Air Aviation limited to Holding Company.<br>Also refer our reply to the Para 3.(ix) -Emphasis of Matter of the Independent Auditors Report. |
| | (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of advance in the nature of loan given to its four subsidiaries. There is no stipulation of interest and terms of conditions for the repayment of principal and payment of interest and there is no repayment of interest or principal during the year except from one subsidiary (i.e., from AIESL), hence the repayments or receipts are not regular. | Reference is invited to our reply to para 3 (x) -Emphasis of Matter |
| | (d) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the over-dues of existing loans given to the same parties. | Statement of fact |
| | (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has granted advances in the nature of loans repayable on demand or without specifying any terms or period of repayment for which details | Statement of fact. |
| | are as under (refer note no. 9 of the standalone Ind AS financial statements.)<br>Advances to subsidiaries (inclusive of interest) amounting to Rs. 55,604.86 million classified as "Assets included in disposal group held for sale.<br>• Aggregate amount of loans or advances of | |

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| | above nature given during the year is Rs.Nil.<br>• Percentage thereof to the total loans granted during the year is 0%<br>• Aggregate amount of loans granted to Promoters, related parties as defined in clause (76) of section 2 of the Companies Act, 2013 is Rs.55,604.86. | |
| iv | According to the information and explanations given to us and on the basis of our examination of the records, the company has given advance in the nature of loan to one of its subsidiary (refer note no. 9.5 of the standalone Ind AS financial statements) on which interest at the rate of 1% per annum has been charged, which is in contravention to Section 186(7) of the Companies Act, 2013. | Refer to our reply at (iii).b. above. |
| v | According to information and explanation given to us, the company has not accepted any deposits from the public within the meaning of the directives issued by Reserve Bank of India, provisions of section 73 to 76 of the Act, any other relevant provisions of the act and the relevant rules framed thereunder. According, the provisions of paragraph 3(v) of the Order is not applicable to the Company. | Statement of fact. |
| vi | In our opinion and according to the information and explanation given to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013. Accordingly, the provisions of paragraph 3(vi) of the Order is not applicable to the Company. | Statement of fact. |
| vii | (a) According to the information and explanations given to us and on the basis of our examination of the records of the company, the company is regular in depositing undisputed statutory dues including Goods and Services Tax, TDS and any other statutory dues to the extent applicable to the appropriate authorities. According to the information and explanation given to us, no undisputed amounts in respect of above were in arrears as at 31st of March, 2024 for a period of more than six months from the date they became payable.<br><br>(b) According to the information and explanations given to us and on the basis of our examination of the records of the company, the provisions of paragraph 3 (vii) (b) of the order is not applicable to the Company. | Statement of fact.<br><br>Statement of fact |

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| viii | According to the information and explanations given to us and on the basis of our examination of the records of the company, the Company has not surrendered or disclosed any transactions as income during the year in the tax assessments under the Income Tax Act, 1961. Accordingly, the provision of clause 3 (viii) of the Order is not applicable to the Company. | Statement of fact. |
| ix | (a) According to the information and explanations given to us and based on the examination of the records of the Company, the provision of clause 3 (ix) (a) of the order is not applicable.<br><br>(b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the Company has not been declared a willful defaulter by any bank or financial institution or government or any government authority or any other lender.<br><br>(c) According to the information and explanations given to us and procedures performed by us, by the management, the Company has not raised any term loan during the period. Accordingly, clause 3 (ix) (c) of the Order is not applicable to the Company.<br><br>(d) According to the information and explanations given to us and procedures performed by us and on an overall examination of the standalone Ind AS financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company, Accordingly, the provision of clause 3 (ix) (d) of the Order is not. applicable to the Company.<br><br>(e) In our opinion and according to the information and explanations given by the management, the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Accordingly, clause 3(ix)(e) is not applicable to the Company.<br><br>(f) In our opinion and according to the information and explanations given to us and based on our examination of the records of the Company, the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. | Statement of fact. |

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| | Accordingly, clause 3 (ix) (f) is not applicable to the Company. | |
| x | (a) The company has not raised moneys by way of initial public offer or further public offer (including debt instrument) during the year and hence reporting under clause 3 (x) (a) of paragraph 3 of the order is not applicable.<br><br>(b) The company has allotted 600 million equity shares in two tranches during the financial year 2023-24 to the Government of India. | Statement of fact.<br><br>Statement of fact. |
| xi | (a) (During the course of our examination of the books and records of the company carried out in accordance with generally accepted auditing practice in India, and according to the information and explanations given to us, no fraud by the Company and on the Company has been noticed or reported during the year.<br><br>(b) No report on any matter under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.<br><br>(c) As represented to us by the management, there are no whistle-blower complaints received by the company during the year. | Statement of fact.<br><br>Statement of fact. |
| xii | In our opinion, the company is not a Nidhi Company. Accordingly, the provisions of clause 3 (xii) (a), 3 (xii) (b) and 3 (xii) (c) of the Order is not applicable. | Statement of fact. |
| xiii | As per information and explanation given to us and on the basis of our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, where applicable and all the details have been disclosed in the standalone Ind AS financial statements, as required by the applicable Ind AS. (refer note no. 28 of the standalone Ind AS financial statements). | Statement of fact. |
| xiv | (a) According to the information and explanation given to us and on the basis of examination of the records, the company has an internal audit system which is commensurate with the size and nature of its business of the company, which needs to be further strengthened in terms of nature, timing and extent of audit procedures. | Statement of fact. |

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| | (b) We have considered, the internal audit reports for the year under audit, issued by the outsourced firm of Chartered Accountants. | |
| xv | According to the information and explanation given to us and on the basis of examination of the records, the company has not entered into any non-cash transactions within the meaning of section 192 of the Companies Act, 2013, with directors or persons connected with them. Accordingly, the provision of clause 3 (xv) of the order is not applicable to the Company. | Statement of fact. |
| xvi | (a) In our Opinion and according to the information and explanation given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3 (xvi) (a to c) of the Order is not applicable to the Company.<br><br>(b) In our Opinion and according to the information and explanation given to us, the group does not have any Core Investment Company as defined in the regulation made by the Reserve Bank of India, as part of the group. Accordingly, the provision of clause 3 (xvi) (b) of the Order are not applicable to the Company. | Statement of fact. |
| xvii | According to the information and explanations given to us and based on our examination of the records of the Company, the Company has booked cash losses of Rs. Nil in current financial year & cash losses of Rs. 5,512.15 million in the immediately preceding financial year. | Statement of fact. |
| xviii | According to the information and explanations given to us, there is no resignation of the statutory auditors during the year in the Company. Accordingly, clause 3 (xviii) of the Order is not applicable to the Company. | Statement of fact. |
| xix | According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all | Statement of fact. |

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|---|---|---|
| | liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due. | |
| xx | According to the information and explanations given to us and based on our examination of the records of the Company, the provision of clause 3 (xx) of the Order is not applicable to the company for the year ended 31st March, 2024. However, in respect of period up to financial year 2022-23, the compliance of the provisions of section 135 is yet to be made. (refer note no. 30 of the standalone Ind AS financial statements). | The Company is an SPV incorporated for the limited purposes for the Disinvestment of Air India and not being a commercial business entity and dependent upon the Govt. of India grant funds. The Company sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider an exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee. However, the Ministry of Corp. Affairs has advised that there is no provision of exemption under the Companies Act for the SPV. The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested MCA to re-examine their decision for the exemption from CSR. The decision is awaited.<br>In view of the above and the pending constitution of the CSR committee/ appointment of an independent director by the competent authority, the allocation/ expenditure on CSR activities relating to earlier years is not made.<br>Also refer to our reply to para 3(xv)-Emphasis of the Matter in this regard.. |
| xxi | The reporting under clause 3(xxi) of the Order is not applicable in respect of audit of standalone Ind AS financial statements. Accordingly, no comment in respect of the said clause has been included in this report. | |

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**Annexure B**

Referred to in paragraph under the heading Report on "Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The "Company") for the year ended on 31st Mar 2024

| Sl. No. | Audit Observations | Management Reply |
|---|---|---|
| 1 | **1. <u>Management's Responsibility for Internal Financial Controls</u>**<br>The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 | Statement of Fact |
| 2 | **Auditors' Responsibility**<br>Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require | Statement of fact. |

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| Sl. No. | Audit Observations | Management Reply |
|---|---|---|
| | that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.<br>Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.<br>We believe that the audit evidence (except in the case of delegation of financial power which are under process of strengthening) we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting. | |
| 3 | Meaning of Internal Financial Controls Over Financial Reporting.<br>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). A company's internal financial control over financial reporting includes those policies | Statement of Fact |

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| Sl. No. | Audit Observations | Management Reply |
|---|---|---|
| | and procedures that<br><br>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;<br>2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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<br>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 standalone Ind AS financial statements. | |
| 4 | Inherent Limitations of Internal Financial Controls Over Financial Reporting<br>Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. | Statement of fact. |
| 5 | In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting with reference to standalone Ind AS financial statements | Statement of fact. |

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| Sl. No. | Audit Observations | Management Reply |
|---|---|---|
| | and such internal financial controls over financial reporting with reference to standalone Ind AS financial statements were operating effectively as at 31st March, 2024, based on the internal control over financial reporting criteria with respect to standalone Ind AS financial statements established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, except as follows:<br>-The company does not have documented policies and procedures in place for certain processes and documentation.<br>-The company does not have a formalized Delegation of Authority Matrix for certain transactions.<br>-Testing of Internal Financial Controls over Financial Reporting has not been carried out by any independent external expert after the financial year 2021-22. | Company is manned with limited manpower all located at single location and follows consistent policy and processes for the present small set-up.<br>However, the company is in the process of documenting policies and procedures for key processes/transactions as also a Delegation of powers documentation.<br>The company has Independent CA firm entrusted with the internal audit covering internal financial controls who are reviewing the internal audit on quarterly basis. The company is examining the feasibility for including the work scope for testing the Internal Financial Controls over. |

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**Annexure C**

Referred to in paragraph under the heading Report on "Other Legal and Regulatory Requirements" of our Independent Auditor's Report of even date on the Standalone Financial Statement of AI Assets Holding Ltd. (The "Company") for the year ended on 31st Mar 2024

| Sl. No. | Audit Observations | Auditor's Comments | Management Reply |
|---|---|---|---|
| **1.** | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company is maintaining the Books of Accounts on Tally Accounting Software and all accounting transactions are processed through the said accounting software. | Statement of Fact |
| **2.** | Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a government company, then this direction is also applicable for statutory auditor of lender company). | There is no case of restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by the lender to the Company due to the Company's inability to repay the loan. | Statement of Fact |
| **3.** | Whether funds (grants/ subsidy etc.) received/ receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation. | Yes, funds received/ receivable for specific schemes from central/ state agencies were properly accounted for/ utilized for the purpose it was intended for. Further, the company had received Rs.510 million towards medical expenses for eligible retired employees of AIL and Rs.6,500 million towards interest on NCD's. | Statement of Fact |

# Standalone Balance Sheet as at March 31, 2024

(₹ in million )

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **I ASSETS :** | | | |
| **1 Non-current Assets** | | | |
| (i) Property, Plant and Equipment | **2** | 0.14 | 0.15 |
| (ii) Financial assets: | | | |
| a) Cash and Cash equivalents | **7** | - | - |
| b) Bank balances other than (a) above | **8** | 2,284.20 | 2,282.00 |
| c) Other Financial Assets | **4** | 114.00 | 114.00 |
| (iii) Deferred tax asset (net) | **5** | 3,760.44 | - |
| **Total Non-Current Assets** | | **6,158.78** | **2,396.15** |
| **2 Current Assets** | | | |
| (i) Financial assets: | | | |
| a) Cash and Cash equivalents | **7** | 9,295.60 | 7,734.79 |
| b) Bank balances other than (a) above | **8** | 2.20 | 2,100.00 |
| c) Other Financial Assets | **4** | 2,669.57 | 1,573.90 |
| d) Others- Recoverable from Air India Limited (AIL) | **3** | 2,689.08 | 2,720.85 |
| (ii) Current Tax Assets (Net) | **5** | 613.69 | 261.00 |
| (iii) Other Current Assets | **6** | 81.75 | 135.02 |
| **Total Current Assets** | | **15,351.89** | **14,525.56** |
| **3 Assets included in Disposal group held-for-sale** | **9** | 1,46,304.75 | 1,39,026.85 |
| **Total Assets** | | **1,67,815.42** | **1,55,948.56** |
| **II EQUITY AND LIABILITIES :** | | | |
| **1 Equity** | | | |
| a) Equity Share Capital | **10** | 6,29,654.50 | 6,23,654.50 |
| b) Other Equity | **11** | 60,537.44 | 55,690.33 |
| c) Fund transferred to the then AIL over and above assets/liabilities received | | 6,90,191.94 | 6,79,344.83 |
| | **3** | (6,80,041.33) | (6,80,041.33) |
| **Total Equity** | | **10,150.61** | **(696.50)** |
| **2 Liabilities :** | | | |
| **(i) Non-current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | **12** | 1,49,850.00 | 1,49,850.00 |
| ii) Other Financial Liabilities | **13** | - | - |
| b) Provisions | **15** | - | - |
| **Total Non-Current Liabilities** | | **1,49,850.00** | **1,49,850.00** |

(₹ in million )

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **(ii) Current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | **12** | - | - |
| ii) Trade Payables | **14** | | |
| a) Total outstanding, dues of micro and small enterprises | | 0.87 | - |
| (b) Total outstanding, dues of creditors other than micro and small enterprises | | 4.91 | 3.76 |
| iii) Other Financial Liabilities | **13** | 5,113.14 | 5,096.93 |
| b) Provisions | **15** | 1,704.98 | 652.36 |
| c) Other Current Liabilities | **16** | 5.02 | 60.79 |
| **Total Current Liabilities** | | **6,828.92** | **5,813.83** |
| Liabilities against assets included in disposal group held for sale | **17** | 985.89 | 981.22 |
| **Total Equity & Liabilities** | | **1,67,815.42** | **1,55,948.56** |

**Notes no. 1-36 forming integral part of the Financial Statement**

As per our report of even date attached
**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M.No. 094292

**For and on behalf of the Board of Directors**

**Sd/-**
**(Asangba Chuba Ao)**
Chairman and Managing Director
DIN 08086220

**Sd/-**
**(Padam Lal Negi)**
Director
DIN 10041387

**Sd/-**
**(Rajiv Kapoor)**
Chief Financial Officer

**Sd/-**
**(Kavita Tanwar)**
Company Secretary

Place: Delhi
Date: October 18, 2024

**Standalone Statement of Profit and Loss for the year ended March 31, 2024**

**(₹ in million, except EPS )**

| Particulars | | Note No. | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|---|
| **I** | Revenue from Operations | | - | - |
| **II** | Other Income : | | | |
| | Rent from properties held for sale | **18** | 1,636.76 | 1,568.69 |
| | Other Misc. Income | **18.1** | 12,680.32 | 10,693.77 |
| **III** | **Total Income (I + II )** | | **14,317.08** | **12,262.46** |
| **IV** | **Expenses:** | | | |
| | Employee Benefit Expenses | **19** | 17.30 | 18.27 |
| | Finance Cost | **20** | 11,090.52 | 14,574.28 |
| | Depreciation & Amortization | **2** | 0.02 | 0.02 |
| | Other Expenses | **21** | 2,122.57 | 3,182.05 |
| **V** | **Total Expenses** | | **13,230.41** | **17,774.62** |
| **VI** | **Profit / (Loss) before exceptional items and Tax (III-V)** | | **1,086.67** | **(5,512.16)** |
| **VII** | Exceptional Items | | **-** | **-** |
| **VIII** | **Profit / (Loss) Before Tax (VI-VII)** | | **1,086.67** | **(5,512.16)** |
| **IX** | **Tax Expense** | | | |
| | 1. Current Tax | | - | - |
| | 2. Short/ (Excess) Provision of Tax | | - | - |
| | 3. Deferred Tax | **5** | (3,760.44) | - |
| **X** | **Profit / (Loss) For the Year (VIII-IX)** | | **4,847.11** | **(5,512.16)** |
| **XI** | Other Comprehensive Income | | **-** | **-** |
| | **Total Other Comprehensive Income** | | **-** | **-** |
| **XII** | **Total Comprehensive Income for the year** | | **4,847.11** | **(5,512.16)** |
| **XIII** | **Earning per Equity Share of Rs. 10 each** | **22** | | |
| | Basic (Rs.) | | **0.08** | **(0.09)** |
| | Diluted (Rs.) | | **0.08** | **(0.09)** |

**Notes no. 1-36 forming integral part of the Financial Statement**

As per our report of even date attached
**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**For and on behalf of the Board of Directors**

**Sd/-**
**(Asangba Chuba Ao)**
Chairman and Managing Director
DIN 10041387

**Sd/-**
**(Padam Lal Negi)**
Director
DIN 08086220

**Sd/-**
**(Rohtash Mohan)**
Partner
M.No. 094292

**Sd/-**
**(Rajiv Kapoor)**
Chief Financial Officer

**Sd/-**
**(Kavita Tanwar)**
Company Secretary

Place: Delhi
Date: October 18, 2024

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

**Standalone Cash Flow Statement for the year ended 31st March, 2024**

**"Accounting Policy**
Cash flows are reported using the indirect method as set out in the Indian Accounting Standard 7 (IndAS-7) on ""Cash Flow Statements"", whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on available information. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents."

**(₹ in million )**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **A Cash Flow From Operating Activities** | | |
| Net Profit / (Loss) Before tax | 1,086.67 | (5,512.16) |
| Adjustments for: | | |
| ADD Depreciation / Amortisation | 0.02 | 0.02 |
| ADD Finance Cost | 11,090.52 | 14,574.28 |
| Less Interest Income on FDRs | 425.33 | 947.87 |
| Less Interest Income on outstanding recoveries of subsidiaries | 4,784.93 | 4,508.74 |
| **Operating profit before working capital changes** | **6,966.95** | **3,605.53** |
| (Increase) / Decrease in Trade Receivables | - | - |
| (Increase) / Decrease in Other Current & Non Current Assets | 4,173.07 | 3,790.41 |
| Increase / (Decrease) in Trade Payables | 2.02 | 2.78 |
| Increase / (Decrease) in other Current & Non current Liability | 1,001.13 | (64.02) |
| **Cash Generated from Operations** | **12,143.17** | **7,334.71** |
| Income Tax Paid (net of refund) | | |
| **Net Cash from Operating Activities** | **12,143.17** | **7,334.71** |
| **B Cash Flow From Investing Activities** | | |
| Acquisition of fixed assets | (0.01) | (0.13) |
| Interest Income on FDRs | 491.57 | 862.06 |
| Investment in subsidiaries | (6,000.00) | - |
| Receipt of assets/investment in consideration of financial assistance to AIL | - | (2,523.08) |
| **Net Cash From Investing Activities** | **(5,508.44)** | **(1,661.15)** |

| | | | |
|---|---|---|---|
| **C** | **Cash Flow From Financing Activities** | | |
| | Proceeds from Borrowings | - | - |
| | Proceeds from issue of Share Capital | 6,000.00 | - |
| | Proceeds from Government Budgetary Support for repayment of Series-I Bond | - | 70,000.00 |
| | Interest Expense | (11,073.92) | (14,761.96) |
| | Repayment of Borrowings | - | (70,000.00) |
| | **Net Cash From Financing Activities** | **(5,073.92)** | **(14,761.96)** |
| | | | |
| | **Net (Decrease)/Increase in Cash and Cash Equivalents** | **1,560.81** | **(9,088.40)** |
| | Add: Cash and Cash Equivalents at the beginning of the Year | 7,734.79 | 16,823.19 |
| | **Cash and Cash Equivalents at the end of the Year** | **9,295.22** | **7,734.79** |
| | **Component of Cash and Cash Equivalents** | | |
| | Cash on hand | - | - |
| | Balance in Current Account | 7.79 | 250.81 |
| | Other Deposit Account | 9,287.81 | 7,483.98 |
| | | **9,295.60** | **7,734.79** |

**Notes no. 1-36 forming integral part of the Financial Statement**

As per our report of even date attached
**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**Sd/-**
**(Asangba Chuba Ao)**
Chairman and Managing Director

**Sd/-**
**(Padam Lal Negi)**
Director
DIN 10041387

**Sd/-**
**(Rohtash Mohan)**
Partner
M.No. 094292

**Sd/-**
**(Rajiv Kapoor)**
Chief Financial Officer

**Sd/-**
**Kavita Tanwar**
Company Secretary

Place: Delhi
Date: October 18, 2024

**Overview & Notes forming part of the financial statements as at and for the year ended March 31, 2024**

## 1. OVERVIEW

### A. Corporate Information

AI Assets Holding Limited, “the Company” (a 100% Government of India Company) is a special purpose vehicle company (SPV) incorporated in India on 22nd January 2018, registered under the provisions of the Indian Companies Act, 2013. The SPV Company is incorporated for the purposes of disinvestment of Air India, formed with an object to warehouse accumulated identified Loans, identified Air India subsidiaries (not part of Air India strategic disinvestment), non-core assets painting and artefacts, other non-operational assets of Air India Ltd, and the funds raised through the sale proceeds from the monetization of these AI assets and the company to raise funds through GOI serviced bonds for repayments of the identified Air India loans. The Registered office and the Headquarters, the only office, of the company is situated at 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi 110003.

The Standalone Financial Statements for the year ended 31st March, 2024 have been approved by the Board of directors of the Company in their meeting held on 18th October, 2024.

### B. Material Accounting Policies

A summary of the material accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements. It allows for an understanding as to how material transactions, other events and conditions are reported.

#### i) Compliance with Ind AS

The Financial Statements of the company for the year ended 31st March 2024 have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

#### ii) Basis of Preparation & Presentation of Financial Statement

The financial statements have been prepared and presented on going concern basis and under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

Presentation of assets and liabilities in the financial statement has been made based on current / non-current classification provided under the Companies Act 2013. The Company being a SPV created with specific purposes for disinvestment of Air India Ltd, there is no specific operating cycle; however, 12 months' period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial assets/liabilities.

**iii) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Financial Statements within the scope of Ind AS 116, Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can asses at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the Balance Sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**C. 'Use of Estimates, Judgements & Assumptions**

The preparation of the financial statements in conformity with IndAS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the

financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

**E. New Standards, Interpretations and Amendments Adopted by the Company**

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

**F. Leases**

**As a lessee:**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i. the contract involves the use of an identified asset,
ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
iii. the Company has the right to direct the use of the asset.

For the short-term, low-value leases and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**As a Lessor:**

**G. Impairment of Non-Financial Assets**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

**H. Contract Balances**

**i. Contract Assets**

A contract asset is the right to consideration in exchange for services rendered to the customer. If the company performs by rendering of services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration including Trade receivables.

### ii. Contract Liabilities

A contract liability is the obligation to render services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract including advance received from customer

### iii. Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities at the end of each reporting period.

## I. Threshold Limit

The Company has adopted following materiality threshold limits in the classification of expenses/incomes and disclosure:

| **Threshold Items** | **Unit** | **Threshold** |
|---|---|---|
| | | **Value (INR)** |
| Prior Period Expenditure / Revenue | Million | 10 |
| Fair Valuation of Financial Instruments | Million | 50 |
| Expenditure and/or procurement of Property, Plant and Equipment's | INR | ₹ 5,000.00 |

**Standalone Statement of Changes In Equity For The Year Ended 31 March, 2024.**

**(₹ in million)**

| **A. Equity Share Capital** | **As at 31 March, 2024** | **As at 31 March, 2023** |
|---|---|---|
| Balance at the beginning of the reporting year | 6,23,654.50 | 6,23,654.50 |
| Changes in equity share capital due to prior period errors | - | - |
| Restated balance at the beginning of the current reporting period | - | - |
| Changes in equity share capital during the year | | |
| Add: Equity Shares allotted during the year | 6,000.00 | - |
| Less: Buyback | - | - |
| **Balance at the end of reporting year** | **6,29,654.50** | **6,23,654.50** |

**(₹ in million )**

| **Particulars** | **Other Equity** | | **Total equity attributable to equity Holders of the company** |
|---|---|---|---|
| | **Reserves and Surplus** | **Other comprehensive income - Reserve** | |
| | **Retained Earnings** | **Remeasurement of defined benefit plans** | |
| **Balance as at 31 March 2023** | 55,690.33 | **-** | **55,690.33** |
| Effect of Deferred Tax Asset of earlier years | - | **-** | **-** |
| Profit for the Year | 4,847.11 | **-** | **4,847.11** |
| Other Comprehensive Income/(loss) | - | **-** | **-** |
| **Balance as at 31 March 2024** | 60,537.44 | **-** | **60,537.44** |
| Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2024 | (6,80,041.33) | **-** | **(6,80,041.33)** |
| **Balance as at 31 March 2022** | (8,797.50) | **-** | **(8,797.50)** |
| Effect of Deferred Tax Asset of earlier years | - | **-** | **-** |
| Profit for the Year | (5,512.16) | **-** | **(5,512.16)** |
| Other Comprehensive Income/(loss) | - | **-** | **-** |
| Grant for the repayment of Series-I Bond | 70,000.00 | **-** | **70,000.00** |
| **Balance as at 31 March 2023** | 55,690.33 | **-** | **55,690.33** |
| Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2023 | (6,80,041.33) | **-** | (6,80,041.33) |

**Notes no. 1-36 forming integaral part of the Financial Statement**

As per our report of even date attached
**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**For and on behalf of the Board of Directors**

**Sd/-**
**(Asangba Chuba Ao)**
Chairman and Managing Director
DIN 08086220

**Sd/-**
**(Padam Lal Negi)**
Director
DIN 10041387

**Sd/-**
**(Rohtash Mohan)**
Partner
M.No. 094292

**Sd/-**
**(Rajiv Kapoor)**
Chief Financial Officer

**Sd/-**
**(Kavita Tanwar)**
Company Secretary

**Place: Delhi**
**Date: October 18, 2024**

## Notes to Standalone Financial Statements For The Year Ended March 31, 2024

### NOTE 2: PROPERTY, PLANT & EQUIPMENT

**Accounting Policy**

a. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

b. Physical Verification of Assets:

The Physical Verification of Assets will be done biennially on a rotational basis and the discrepancies, if any, observed in the course of the verification are adjusted in the year in which report is submitted and got approved from appropriate authority.

**DEPRECIATION / AMORTIZATION**

a. Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed under Schedule II of the Companies Act 2013, keeping a residual value of 5% of the original cost.

However, in the case where life of the Property, Plant and Equipment, has not been prescribed under Schedule II of the Companies Act 2013 the same will be determined by management through technically qualified persons.

(₹ in million )

| Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2023 | Additions | Other Adjustments | Disposals / Adjustments | As at March 31, 2024 | As at April 01, 2023 | For the year | Deductions / Adjustments | Total up to March 31, 2024 | As at March 31, 2024 | As at March 31, 2023 |
| **TANGIBLE ASSETS :** | | | | | | | | | | | |
| **a) Office Equipment** | 0.04 | 0.01 | - | - | 0.05 | 0.01 | 0.01 | - | 0.02 | 0.03 | 0.03 |
| **b) Computer & Printers** | 0.02 | - | - | - | 0.02 | 0.00 | 0.00 | - | 0.00 | 0.02 | 0.02 |
| **c) Furniture & Fixture** | 0.11 | - | - | - | 0.11 | 0.01 | 0.01 | - | 0.02 | 0.09 | 0.10 |
| **TOTAL FOR TANGIBLE ASSETS** | **0.17** | **0.01** | **-** | **-** | **0.18** | **0.02** | **0.02** | **-** | **0.04** | **0.14** | **0.15** |
| **PREVIOUS YEAR** | 0.04 | 0.13 | - | - | 0.17 | 0.00 | 0.02 | - | 0.02 | - | **0.15** |

## NOTE 2.1 PHYSICAL VERIFICATION AND RECONCILIATION:

As per the policy of the Company, physical verification of property, plant & equipment (PPE) has been conducted by the management during the year 2023-24 and no discrepancy on physical verification has been found.

## NOTE 3: RECOVERABLE FROM AIR INDIA LIMITED (AIL)

**(₹ in million)**

| Sl. No. | Particulars | Non - Current | | Current | |
|---|---|---|---|---|---|
| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| **A** | **Opening balance (Funds transferred to the then AIL over and above assets/liabilities received)** | 6,80,041.33 | 6,77,518.25 | | |
| **B** | **ASSETS/MONETIZATION PROCEEDS/LIABILITY TRANSFERRED BYTHE THEN AIL TO THE COMPANY** | | | | |
| i | Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 3.3) | - | 41.70 | - | - |
| ii | Amount withheld against Provision for 6 aircraft maint. Given short in flying condition ($40 Million) (Refer Note No. 3.4) | - | (2,564.78) | - | - |
| | **Value of assets/liabilities transferred by the then AIL (B)** | **-** | **(2,523.08)** | | |
| | **Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A+B)** | **6,80,041.33** | **6,80,041.33** | **-** | **-** |
| **C** | Air India Limited Reconciliation A/c (Refer Note No - 3.5) | - | - | 2,689.08 | 2,720.85 |
| | **Net Recoverable from Air India Limited** | - | - | **2,689.08** | **2,720.85** |

**Note 3.1:** The above data are based on the information provided by the AIL to the Company and the excess amount transferred by the Company over the assets/liabilities received amounting to

₹ 6,80,041.32 million (Previous Year ₹ 6,80,041.32 million) has been grouped under the "other equity".

**Note 3.2:** AIL is yet to provide the details of remaining assets and liabilities (other than above), if any, to be transferred by the then AIL, as per government decisions relating to disinvestment. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities etc.

**Note 3.3:** AIL has also transferred a recoverable from DRDO by the then AIL amounting to ₹ 2,657.43 million in FY 2021-22 against which the Company has received ₹ 1,611.76 million from AIL during the financial year 2021-22. However, in addition to the above, AIL has also informed vide email dated 27th October 2022 of further receivable of ₹ 41.70 million to the Company. Against the recoverable from DRDO the company has received Rs. Nil in the FY 2023-24 (Previous Year ₹ 605.66 million). Further, an email dated 3rd August 2023 received from Dy Head MMG (DRDO) for levy of ₹ 318.35 million for liquidated damages against the above recoverable. The company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023. (Refer Note No. 23.i.e)

**Note 3.4:** As per AIL letter/email dated 23rd September 2022, it has been stated that in terms of Share Purchase Agreement (SPA), signed between the then AIL and M/s Talace Private Limited (SP), the then AIL was obliged to provide 58 aircraft of A320 family in an airworthy condition out of which not more than 5 aircraft are grounded for schedule maintenance. However as on the date of transfer of ownership, AIL could hand over only 52 A320 aircraft, as against 58 A320 aircraft. The engineering department of the then AIL has estimated expenditure of ₹ 3,000 million to be incurred for recovery of these 6 A320 aircraft in airworthy condition and accordingly to that extent the then AIL has retained this estimated amount as on 31st March 2022. Since the actual expenditure against estimated amount of ₹ 3,000 million withheld by the then AIL was not known hence the same is shown under current assets in the books of the Company in FY 2023-24.

The Company has received details of total expenditure of ₹ 2,564.77 million from AIESL as under:

| | | |
|---|---|---|
| **i** | Towards five engines: | |
| **1** | Material consumed | ₹ 1,923.22 million* |
| **2** | Manhour cost | ₹ 74.26 million |
| **3** | Freight charges & custom duties | ₹ 162.74 million |
| **ii** | Airframe- Manhour cost | ₹ 404.55 million |
| | **Total** | **₹ 2,564.77 million** |

*USD 25.22 million @ average exch. rate of ₹ 76.27

The average FEDAI rate, prevailing closer to the date of delivery of aircraft has been taken for conversion of USD amount into INR. In view of the above recoverable amount has been adjusted to the extent of above stated amount and balance ₹ 435.22 million is recoverable from AIL out of total amount withheld by AIL for the said purposes.

**Note 3.5:** Regarding balance confirmation from AIL, against the net recoverable of ₹ 2,689.08 million (Previous Year ₹ 2,720.85 million) AIL has confirmed ₹ 1,422.61 million (Previous Year ₹ 1,494.70 million) as payable by the company to the AIL. However, the company is not in agreement with the balance shown/confirmed by AIL. The reconciliation of the same with AIL is under process. Details of recoverable from AIL in the books of the company is as under: -

(₹ in million)

| S. No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| **Amount Recoverable from AIL (A)** | | | |
| 1 | Recovery towards 6 Aircraft Maint. (Refer Note No. 3.4) | 435.22 | 435.22 |
| 2 | Rent Receivable | 560.61 | 404.33 |
| 3 | Garnishment of Fund by IATA (Refer Note No 3.6) | 1,322.93 | 1,322.93 |
| 4 | Recoverable From AIL for Aircraft Sale to DRDO (Refer Note No-3.3) | 481.71 | 481.71 |
| 5 | Recoverable From AIL for Scrappage of Assets | 0.09 | 0.09 |
| 6 | Recovery towards PSS (AMADUS) implementation fee (Refer Note No 3.7) | 309.61 | 309.61 |
| 7 | Revenue Share of AIASL Recoverable From AIL | 1,115.99 | 1,115.99 |
| 8 | Monetization Proceeds Recoverable | 7.97 | 6.15 |
| **Total Recoverable (A)** | | **4,234.13** | **4,076.03** |
| **Amount Payable to AIL (B)** | | | |
| 1 | Provision towards Medical Bills claimed by AIL (Refer Note No. 3.9) | 1,305.04 | 1,305.04 |
| 2 | Property Maintenance & Provision for Expenses (Insurance, Security Services, Property Tax etc.) | 240.01 | 50.14 |
| **Total Payable (B)** | | **1,545.05** | **1,355.18** |
| **Net Recoverable from AIL (A-B)** | | **2,689.08** | **2,720.85** |

**Note 3.6:** As per the email written by the then AIL dated 14th January 2022 to the GoI, AIL has transferred its recoverable amount of ₹ 1,322.93 million against garnishment of funds by IATA in Devas Case which is a matter under litigation with GoI as party. Devas (Mauritius) Ltd, Devas Employees Mauritius Pvt Ltd, Telecom Devas Mauritius Ltd are the companies incorporated in Mauritius and are shareholders in Devas Multimedia Private Limited (Devas). In 2005, Devas signed an agreement with Antrix (a GoI Company under the Department of Space), wherein it leased transponder capacity on two satellites to be built by the latter.

In 2012, Mauritius Entities commenced arbitration against India and Mauritius Bilateral Agreement and arbitral award of 2020 in this matter was granted in favor of the Mauritius entities. The petitioners treated AIL as “alter ego” of the Indian Government and adjudging AIL should be jointly and severally liable for the amount and the Supreme Court of the provinces of Quebec, passed an ex-parte garnishment order on IATA. Under this garnishment order, all the collection of Air India, on global basis, settled by IATA, were required to be garnished and not paid to Air India, with regard to the litigation of Devas with Government of India. The ex-parte garnishment was challenged by AIL through its counsel in Canada and the Supreme Court of Quebec passed

an order on 8th January, 2022 whereby the garnishment amount was reduced to 50% of the collections and the final decision on this matter was pending.

Subsequently, the application for leave to appeal from the judgment of the Court of Appeal of Quebec (Montréal), Number 500-09029888-229, 2022 QCCA 1264, dated September 20, 2022, has been dismissed by Supreme Court of Canada vide Order dated 11 May 2023 in favor of AIL. The company has requested vide email dated 14th October 2023 to AIL to confirm and remit the amount received by AIL to the Company. On receipt of confirmation of amount from AIL the necessary accounting entries shall be made. Further, in terms of GoI letter ref. 17046/15/2020-AI dated 31st March 2022 liability or any further sums as may be necessary to be paid on the basis of the final order of Superior Court, Quebec, Canada for which the accounting impact will be given on receipt of the amount from AIL in the financial year in which it is received.

**Note 3.7:** As per the letter dated 17th September 2022provided by the AIL, the then AIL had provided a liability of ₹ 309.61 million towards implementation cost payable to AMADEUS, the amount is payable even if AIL decides to terminate the contract. Such provision against the commitment made in January 2022 by the then AIL is routed through “Recoverable from AIL”. However, the Company has not accepted such amount withheld by AIL. The Company has conveyed vide email dated 05th September 2023 to AIL that this amount withheld by AIL is recoverable from AIL as the company is using such software and is subject to further discussion.

**Note 3.8:** Further, AIL vide its credit note no. 3 dated 31st March 2022 has claimed ₹ 2,244.48 million towards the interest on 9.08% NCDs Bonds of the then AIL period prior to 1st October 2018. The Company has disputed this credit note amounting to ₹ 2,244.48 million as there is no mandates available for the payment of interest prior to 1st October, 2018 of the identified debts of the then AIL. However, AIL is contesting that interest on identified debts i.e. NCDs is payable by AIAHL against interest due for payment (actual payment) i.e. interest for the period last due before 1st October 2018 to till immediate due date after 1st October 2018 shall be considered for the interest reimbursement instead of calculating from 1st October 2018 to immediate due date after 1st October 2018. The AIL has adjusted ₹ 2,244.48 million in two part viz. ₹ 955.91 million interest in its RFATR a/c and ₹ 1,288.57 million in its AIL Settlement A/c for which there is no mandate of the GoI hence the Company has not accepted the adjustment. However, in FY 2021-22, the Company had adjusted the above said recoverable from AIL from adhoc payment received from the then AIL of ₹ 5,500.00 million.

**Note 3.9:** As per the decision of Government of India (MoCA) vide letter dated 16th February, 2022 (File No. 17046/65/2-19-AI) a scheme has been approved for providing medical facilities to the eligible permanent retired/retiring beneficiaries of AIL including eligible permanent employees of AI Engineering Services Limited (AIESL) and AI Airport Services Limited (AIASL) post disinvestment.
In line with the said scheme, the Company has remitted to CGHS on account of the annual subscription charges for the financial year 2023-24. Further, in the FY 2022-23, AIL has raised claims of ₹1,813.31 million against medical facilities provided by AIL to retired employees, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022. The above claims include ₹ 36.43 million which has not been accepted & accounted for by the Company as these claims pertain prior to the above stated period. Further, the above claim also include ₹ 588.60 million for which bills/supporting documents is yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company. Out of the remaining claim of ₹ 1,188.28 million, claims for amounting to ₹ 560.38 million have been paid to AIL in FY 2022-23 and remaining are in the process of verification and

on completion of the said process accounting impact of excess/short found, if any, will be adjusted.

## NOTE 4: OTHER FINANCIAL ASSETS

**(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Security Deposits | | - | 0.01 | 0.01 |
| Interest Accrued but not due on FDs | | - | 69.92 | 136.16 |
| Other (Imprest & Advances) | | - | 0.11 | 0.08 |
| Prepaid Expenses | | - | 505.70 | 415.56 |
| Rent Receivable | | - | 1,559.08 | 573.41 |
| Advance Paid to MADC for MRO Nagpur Land (Refer Note No 4.1) | 114.00 | 114.00 | - | - |
| Grant-in-aid from GoI (Refer Note No 4.2) | | - | 533.52 | 447.45 |
| Other Recoverable | | - | 1.23 | 1.23 |
| **Total** | **114.00** | **114.00** | **2,669.57** | **1,573.90** |

**Note 4.1:** The then AIL had paid ₹ 114.00 million to M/s. Maharashtra Airport Development Company Ltd. (MADCL), Nagpur for acquiring 19 acres of land adjacent to MRO Nagpur on 99 years lease period. The said advance by the then AIL has been transferred to the Company. AIAHL Board in its 20th Board meeting held on 23rd June 2021 approved “in principle”, the transfer of the 19 acres of land adjacent to the MRO at Nagpur to AIAHL as a Co-developer. As per the copy of the letter dated 7th December 2020 provided by AIL, MADCL has been requested to transfer the allotment in the name of the Company (AIAHL) and the same is under process.

**Note: 4.2:** Summary of grant received by the Company and its utilization during the financial year 2023-24 are as under: -

**(₹in million)**

| S. No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| **A** | **Opening Un-spent Grant-in-aid** | (447.44) | 450.00 |
| **1** | **Grant received during the year** | | |
| **i.** | Budgetary support/ Grants received by the Company from Min. of Civil Aviation, GOI Redemption of Series-1 6.99% NCDs issued by AIAHL | - | 70,000.00 |
| **ii.** | Interest expense of Bonds | 6,500.00 | 2,000.00 |
| **iii.** | For Medical Expenses of Eligible Retirees | 510.00 | 1,250.00 |

| S. No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| iv. | One time subscription charges received from eligible retired employees | 106.73 | 110.98 |
| v. | Interest earned on grant funds* | 31.71 | 2.10 |
| B | **Total** | **7,148.44** | **73,363.08** |
| 2 | **Utilization of the Grants** | | |
| i. | Redemption of Series-1 6.99% NCDs issued by AIAHL | - | 70,000.00 |
| ii. | Interest expenses of AIAHL bond | 6,500.00 | 2,000.00 |
| iii. | Medical Expenses | 734.51 | 2,260.52 |
| C | **Total** | **7,234.51** | **74,260.52** |
| **Net Unspent/(receivable) Grant in Aid (A+B-C)** | | **(533.51)** | **(447.44)** |

* Previous year interest is only on CGHS grants

**NOTE 5: INCOME TAXES**

**Accounting Policy**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized in respect for carry forward tax losses, un- availed tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be adjusted. Deferred tax assets unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized. Significant management judgment is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In such year the Company recognizes MAT credit as a deferred tax asset. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recoup all or part of the asset.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense in the statement of Profit and Loss comprises:

**(₹ in million)**

| **Particulars** | **2023-24** | **2022-23** |
|---|---|---|
| Current Tax | - | - |
| Deferred Tax | (3,760.44) | - |
| | | |
| **TOTAL** | **(3,760.44)** | **-** |

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

**(₹ in million)**

| **Particulars** | **For the year ended 31 March 2024** | **For the year ended 31 March 2023** |
|---|---|---|
| Profit / (Loss) before tax | 1,086.67 | (5,512.16) |
| Effective Income Tax Rate | 25.17 | 25.17 |
| Loss brought forward | 16,028.08 | 10,515.91 |
| **Income Tax Expenses** | **-** | **-** |

The details of income tax assets and income tax liabilities as at March 31, 2024 and March 31, 2023:

**(₹ in million)**

| **Particulars** | **Non - Current** | | **Current** | |
|---|---|---|---|---|
| | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2024** | **As at March 31, 2023** |
| Tax Deducted at Source | - | - | 589.07 | 242.54 |
| Advance Self-Assessment Tax | - | - | - | - |

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Less: Provision for Tax | - | - | - | - |
| Income Tax Recoverable for AY 2022-23 | - | - | 24.62 | 18.46 |
| **Total** | **-** | **-** | **613.69** | **261.00** |

**Note 5.1: Deferred Tax Assets/Liability:**

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences.
The company has evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with Ind AS 12 “Income Taxes” Deferred Tax assets / Liabilities have been created.

**(₹ in million)**

| Particulars | As at March 31st, 2024 | As at March 31st, 2023 |
|---|---|---|
| **Deferred tax liabilities on account of (DTL)** | | |
| Depreciation | - | - |
| **Total deferred tax liability (A)** | - | - |
| **Deferred tax asset on account of (DTA)** | | |
| Unabsorbed depreciation & losses | 3,760.44 | - |
| 40A(i) 30% expense | - | - |
| Other tax disallowances | - | - |
| Provision for employee benefits | - | - |
| **Total deferred tax asset (B)** | **3,760.44** | **-** |
| **Net deferred tax asset (A-B)** | **3,760.44** | **-** |

**NOTE 6: OTHER CURRENT ASSETS** **(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| GST ITC Balance (Refer Note No. 24) | - | - | 81.44 | 134.77 |
| Other | - | - | 0.31 | 0.25 |
| **Total** | **-** | **-** | **81.75** | **135.02** |

## NOTE 7: CASH AND CASH EQUIVALENTS

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Cash and Cash Equivalents | | |
| Cash on hand | - | - |
| Balance with Bank : | | |
| Current Account | 7.79 | 250.81 |
| Fixed Deposits less than 3 months* | 9,287.81 | 7,483.98 |
| **Total** | **9,295.60** | **7,734.79** |

* The fixed deposits with banks can be withdrawn by the Company at any point of time.

## NOTE 8: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

| | Non - Current | | Current | |
|---|---|---|---|---|
| **Particulars** | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2024** | **As at March 31, 2023** |
| Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 23.ii) | 2,284.20 | 2,282.00 | - | - |
| Other Fixed Deposits (Refer Note No - 8.2) | - | - | 2.20 | 2,100.00 |
| **Total** | **2,284.20** | **2,282.00** | **2.20** | **2,100.00** |

**Note 8.1:** Earmarked balances as FD represents Fixed deposits with State Bank of India in Escrow Account. Fixed Deposits in Escrow Account and other FDs are having tenure of less than 3 months.

**Note 8.2:** Other Fixed Deposits include monetization proceeds, rentals etc. from AIL received in Escrow account parked in Fixed Deposits having maturity period of less than 12 months.

## NOTE 9: ASSETS INCLUDED IN DISPOSAL GROUP HELD-FOR-SALE

### Accounting Policy

Assets included and identified for sale / divestment purposes are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value

less costs to sell. The same are measured at the lower of carrying amount and fair value less cost to sell except for assets such as deferred tax assets, assets arising from employee benefits, financial assets which are specifically exempt from this requirement. No depreciation is provided, while the asset is classified as held for sale. The assets held for sale and assets of a disposal group classified as held for sale are presented separately from the other assets in the Balance sheet and the liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the Balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **1. Properties** | | |
| a) Movable Properties (Refer Note No 9.1 & 9.5) | 1,255.26 | 1,255.26 |
| b) Immovable Properties (net of impairment and advances) (Refer Note No 9.2) | 75,265.23 | 75,695.52 |
| **2. Investment in Subsidiary Companies (Refer Note No 9.3 & 9.4)** | | |
| a) 138,424,200 Equity Shares of Rs.10 each fully paid up in AI Airport Services Limited (Previous Year : 138,424,200 Equity Shares) | 1,384.24 | 1,384.24 |
| b) 166,666,500 Equity Shares of Rs.10 each fully paid up in AI Engineering Services Ltd (Previous Year : 166,666,500 Equity Shares) | 1,666.66 | 1,666.66 |
| c) 10,02,25,000 Equity Shares of Rs 100/- each fully paid up in Alliance Air Aviation Ltd (Previous Year : 40,225,000 Equity Shares) | 10,022.50 | 4,022.50 |
| d) 11,060,000 Equity Shares of Rs.100 each fully paid up in Hotel Corporation of India Ltd (Previous Year : 11,060,000 Equity Shares) | 1,106.00 | 1,106.00 |
| **3.i. Recoverable from Subsidiaries Companies t/f by the than AIL** | | |
| a) Recoverable From AAAL | 23,602.27 | 23,602.27 |
| b) Recoverable From AIASL | 386.56 | 386.56 |
| c) Recoverable From AIESL | 16,785.63 | 19,475.63 |
| d) Recoverable From HCI | 4,932.30 | 4,932.30 |
| **3.ii. Other Recoverable from Subsidiaries** | | |
| a) Advance to AAAL (Refer Note No 9.4) | 562.50 | 562.50 |
| b) Interest on Recoverable from Subsidiaries Companies t/f by AI) (Refer Note No 9.4) | 9,335.60 | 4,937.41 |
| **Total** | **1,46,304.75** | **1,39,026.85** |

**Note 9.1:**

**a.** The Company, under disinvestment of the then AIL has received movable assets from the then AIL. Since all the above assets (movable and immovable) classified by the then AIL and transferred to the Company and the Company has also initiated the process for transfer of these movable assets to the subsidiaries which can be used by them and shall monetize the other remaining assets. Hence all these assets have been classified under assets included in disposal group held for sale. Above movable assets include assets located at locations outside India for an aggregate value of ₹ 9.30 million.

**b.** Under disinvestment plan, monetization proceeds of the above properties will be utilized towards repayments of identified debts. Fair value of the investments in subsidiaries has not been worked out since the subsidiary companies are under disinvestment plan.

Similarly, fair value of the properties (being movable and immovable) has not been asertained as on Balance Sheet date.

**c.** The Board has decided in the meeting number 45th held on 10th October 2023, the process of transfer is to be completed in due course on discussion with the respective subsidiaries.

**d.** The company has classified the non-current asset (or disposal group) as held for sale as on 31st March, 2024 as the management of the company is of the view that the carrying amount of these assets will be recovered principally through sale transaction and that the assets classified under disposal group are in immediately saleable condition and their sale is highly probable as the company itself has been created as an SPV for sale of assets of the then Air India Limited.

**e.** Details of the above Immovable Properties included in disposal group held for sale are as under: -

**(₹ in million)**

| Sl.No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| | **Immovable Properties under disposal** | | |
| 1 | *03 Flats, Gazdar Schemes, Khar, Mumbai* | 24.93 | 24.93 |
| 2 | *04 Flats, Sterling Apts.,3, Rao Tularam Marg,Sector 12, R.K. Puram,New Delhi* | 0.00 | 0.00 |
| 3 | *06 Residential Plots, Charkop, Kandivali, Mumbai* | 0.00 | 0.00 |
| 4 | *12 Flats at Sardar Colony, Jamnagar* | 0.00 | 0.00 |
| 5 | *12 Residential Apts., 13 Mullen Street, Ballygunge, Kolkata* | 164.69 | 164.69 |
| 6 | *14 Exec. Flats, Pali Hill Bandra, Mumbai* | 294.00 | 294.00 |
| 7 | *20 Residential Exec. Flats, JVPD- Vile Parle, Mumbai* | 0.00 | 0.00 |
| 8 | *60 Flats at Samta Nagar, Kandivali (E) Mumbai* | 198.95 | 198.95 |
| 9 | *A1B, Plot No.235, CSKO, 1909 of Fort Division, Nariman Point, Mumbai* | 5,620.94 | 5,620.94 |
| 10 | *AI Housing Colony, Vasant Vihar, New Delhi* | 51,399.85 | 51,399.85 |
| 11 | *AI Plot of Land at Baba Kharak Singh Marg, New Delhi* | 4,770.66 | 4,770.66 |

| Sl.No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 12 | *Air India Hqrs., Airlines House, 113, Gurudwara Rakabganj Road, New Delhi* | 468.59 | 468.59 |
| 13 | *Airlines House, 39, C.R. Avenue, Kolkata* | 95.14 | 95.14 |
| 14 | *Bungalow Plot No. ASL-56 Survey No. 925 in Ashwin L at New Nashik.* | 0.00 | 0.00 |
| 15 | *CBO,10/59 Bhadbhada Road, TT Nagar, Bhopal [617.94 Sqm. (388.66 Sqm. GF & 229.28 Sqm.– Mezzanine Floor)]* | 0.00 | 0.00 |
| 16 | *CBO, 169/152, Yadunath Marg,Varanasi,(Built Up Area – 769.00 Sqm.)* | 0.00 | 0.00 |
| 17 | *CBO, Sector-34A, Chandigarh[1881.13 Sqm. (Basement+GF+04 Floors)]* | 0.00 | 0.00 |
| 18 | *City Booking Office, Mascot Junction, Thiruanantpuram* | 38.25 | 38.25 |
| 19 | *Commercial Land at Ganeshguri,Guwahati* | 2.77 | 2.77 |
| 20 | *Commercial Land at Plot Nos. 951,953 & 954, Ward No. 1, Street No. 46, Revenue Village – Muharrampur, East Gandhi Maidan, Patna* | 0.00 | 0.00 |
| 21 | *Commercial Land at Rail Head Complex, Rakh Bahu, Residency Rd., Jammu* | 0.00 | 0.00 |
| 22 | *Commercial Office at Slough Mathisen Way, Colnbrook, London* | 410.95 | 410.95 |
| 23 | *Flat No.31/1, Dr. M.G. Ramchandran Road, Besant Nagar, Chennai* | 5.18 | 5.18 |
| 24 | *Indian Airline Housing Colony & Sports Stadium, Mennambakkan, Chennai (Built Up Area – 38418.00 Sqm.)* | 1,336.74 | 1,336.74 |
| 25 | *Land at NERUL purchased from CIDCO (NB)* | 24.58 | 24.58 |
| 26 | *Land & Bldg. at AI Unity Complex, Chennai(Built Up Area – 10185.00 Sqm.)* | 129.10 | 129.10 |
| 27 | *Land & Building for Booking Office, Airlines House, Ganga Jalia Talav,Bhavnagar – 364001* | 0.00 | 0.00 |
| 28 | *Land & Building for Booking Office,Airlines House, Lal Darwaja, Ahmedabad.* | 0.00 | 0.00 |
| 29 | *Land for Aircraft Maint. base TRIVANDRUM @* | 282.60 | 282.60 |
| 30 | *Land for Booking Office & Air Cargo Complex, Polo View, Near Sher-I- Kashmir Park, Maisuma Tehsil Khas,Srinagar,(Built Up Area -1607.00 Approx.)* | 0.00 | 0.00 |
| 31 | *Land for Booking Office,T.P. Scheme No.9, Plot No.1, Vadodra* | 0.00 | 0.00 |
| 32 | *Land for Housing Colony (13 Flats),Vidyadhar Housing Colony,Khasra No.16C & 17K,SADA, Khajuraho,[Built Up Area – 606.88 Sqm.]* | 0.00 | 0.00 |
| 33 | *Land for Housing Colony at Gangamuthanahalli, Bengaluru.* | 43.58 | 43.58 |
| 34 | *Land for Housing Colony at NCC Nagar, Thiruvananthapuram* | 12.86 | 12.86 |

| Sl.No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 35 | *Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad* | 0.00 | 0.00 |
| 36 | *Land for Staff Quarters,No.1 to 11, Moti Magri Scheme,Udaipur.(Built Up Area – 253.62 Sqm. (02 Flats)* | 0.00 | 0.00 |
| 37 | *Manager's Residence, House No.24, Mugumo Rd., Lavington, Nairobi* | 28.78 | 28.78 |
| 38 | *a. New Operation Building Kolkata @* | 124.00 | 124.00 |
| | *b. Other Structure & Buildings (Refer Note No 9.2.b) @* | 2,917.63 | 3,161.22 |
| 39 | *Residential Complex, Central Training Establishment* | 2,262.40 | 2,262.40 |
| 40 | *Residential Land at 26/607, Maharani Laxmi Bai Road, GwaliorArea As Per Allotment – 929.28 Sqm. (Area Reduced to 150 Sqm. Approx. Due to Widening of Road)[Built Up Area -GF – 161.81 Sqm., FF – 84.32 Sqm.]* | 49.61 | 49.61 |
| 41 | *Residential Land at Malviya Nagar Scheme B-Block Railway Station Road, Jaipur* | 0.00 | 0.00 |
| 42 | *Residential Land at Sector-3, Trikuta Nagar, Jammu* | 0.00 | 0.00 |
| 43 | *Residential Plot No.24, Sector 27, CIDCO, Nerul, Navi Mumbai* | 4,558.46 | 4,558.46 |
| 44 | *Residential Plot No-43,44 78 & 79, Village Nana Mava Rajkot* | 0.00 | 0.00 |
| 45 | *Share in Krupanidhi Bldg., Mumbai.* | 0.00 | 0.00 |
| 46 | *Space for CBO, Nehru Place Commercial Complex, Tonk Road, Jaipur* | 0.00 | 0.00 |
| 47 | *Vacant Residential Land at Dag No. 487, Village Borjhar, Mouza – Kakhin Rani Under Palasbari Circle, Guwahati (Assam)* | 0.00 | 0.00 |
| **Completely Sold Properties** | | | |
| 48 | *CBO Cum 06 Residential Qtrs. at 2, West Patel Nagar, Circuit House Road, Jodhpur [Built Up Area - 543.66 Sq.M (Booking Office & Cargo) & 632.15 Sq.M (Residential Quarters)]* | - | - |
| 49 | *Residential Plot for Staff Quarters at Khaikhali, Kolkata* | - | 100.90 |
| 50 | *Land & Building for Booking Office, Airlines House, Station Road,Near SBI, Bhuj.* | - | - |
| 51 | *Flat S1, Madhuvan Apt. Mangalore* | - | - |
| 52 | *Flat-102, Diana Apt, Mangalore* | - | - |
| 53 | *08 Flats at Asiad Village Complex, New Delhi* | - | 15.08 |
| 54 | *13 Flats, Aquarious-Taurus, CHSL Maurya Rd., Mumbai (W)* | - | - |
| 55 | *13 Residential Apts., Sohini Apts. 18/2A – 1 Ddai Shankar Sarani, Golf Greens, Kolkata* | - | 2.53 |
| 56 | *Airlines House, CBO, Hat Hill, Lal Baug, Mangalore (Built Up Area – 1219.94 Sqm.)* | - | 92.78 |
| 57 | *Booking Office, Museum Rd., Vellayambalam, Thiruvanantpuram(Built Up Area –2190.33 Sqm.)* | - | - |

| Sl.No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 58 | *CBO, Civil Lines, Nagpur* | - | - |
| 59 | *Commercial Land for Booking Office at Jamnagar* | - | - |
| **Properties Surrendered to Alloting Authorities with Compensation** | | | |
| 60 | *08 Flats, Jharneshwar Housing Complex, TT Nagar, Bhopal(70.05 Sq.M Each Flat)* | - | 0.00 |
| 61 | *CBO, Durbar Hall Road, Cochin and Collis Estate, MG Road, Cochin(Built Up Area – 812.00 Sqm.)* | - | - |
| 62 | *Commercial Space for CBO, IInd Floor, Dr. B.R. Ambedkar Market Complex, Hill Curt Road, Dist. Darjeeling (WB), Bagdogra (Siliguri) (Refer Note No - I)* | - | 0.44 |
| 63 | *Vacant Land at Plot No. 1 & 4 Under Dag No. 404 & 405 of Patta No. 180, Mouza Dibrugarh Town, Ward – Gabherupathar, Dist, Lakhimpur, Sub- District - Dibrugarh, (Assam) (Refer Note No - I)* | - | 0.00 |
| **Properties Surrendered to Alloting Authorities without Compensation** | | | |
| 64 | *CBO, Plot No.8 Type VII/2.7 Area Unit I in the New Capital Area, Bhubaneswar* | - | 0.00 |
| 65 | *Residential Land for,E Type Staff Quarters, Unit VIII in the New Capital Area, Bhubaneswar ,* | - | 0.00 |
| 66 | *CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair (Refer Note No - I)* | - | 0.00 |
| | **Total** | **75,265.23** | **75,720.56** |
| | Less: Impairment | - | 25.03 |
| **Total Net of Impairment** | | **75,265.23** | **75,695.53** |

# Rs. 0.00 million represents the assets at a book value of ₹ 1.

* Further "-" represents property sold and which does not exist in company books.

@ Other Structures under Schedule II B of Restated Framework agreement.

**Note 9.2:**

**a.** As per the decision of the meeting held on 7th September 2018 under the chairmanship of Hon'ble Finance Minister, sale of 111 number of identified properties is to be done by the then AIL and monetization proceeds are to be transferred to the Company through monetization Escrow Account to apply such fund for the servicing of the identified Debts.

The ownership/possession of identified properties are in the name of the then AIL and the then AIL had disposed off 47 full properties and 3 partial properties * (out of above said total of 111 identified properties) and the sale proceeds of these properties (47+3) amounting to ₹ 3995.4 million effective from October, 2018 till 31st March, 2022 has been received by the Company through the escrow mechanism.

The remaining unsold properties shown in the table below classified as held for sale by the then AIL in their books of accounts were transferred to the Company at carrying value of the respective assets held for sale. Hence the same have been classified as assets held for sale.

The values of these properties are as under: -

| S. No. | Class of Assets | Balance as on 31st March 2024 (₹ in million) | Balance as on 31st March 2023 (₹ in million) | Nos. of Items/ Assets as on 31st March 2024 | Nos. of Items/ Assets as on 31st March 2023 |
|---|---|---|---|---|---|
| 1 | Freehold Land & Building | 3,323.62 | 3,442.12 | 9 | 12 |
| 2 | Leasehold / others | 68,617.38 | 68,685.59 | 38 | 45 |
| 3 | Other Structures including MRO land at TRV * | 3,324.23 | 3,567.82 | 2 | 2 |
| | **Total** | **75,265.23** | **75,695.53** | | |

* Other Structures consist of MRO land at Trivandrum and buildings/structures as indicated in Schedule II B of Restated Framework Agreement dated 05.01.2022 for which itemized listing details provided by AIL based on which and subsequent surrender of certain items of the structures, the number of items of such structures as on 31.03.2024 is 292 Nos. (Previous year 404 Nos. as on 31.03.2023)

**b.** Other structure (Refer serial no. 38.b of Note No. 9.1.e) includes building/structure constructed on license land from GMR Hyderabad for which company has entered into a tripartite agreement between AIL, the company and GMR Hyderabad International Airport Ltd for a period 5 years i.e from April 2022 to March 2027 for the right of use of the said property by AIESL.

**c.** Out of the unsold properties (freehold, leasehold/others than freehold) as stated above, the then AIL had initiated the process of monetization and an advance as liability of ₹ 44.83 million (Previous Year ₹ 106.51 million) against sale of unsold properties. The monetization of these properties is yet to be completed.

**d.** Further, out of 111 identified properties, assets held for sale includes 2 properties (namely AI Housing Colony Vasant Vihar, New Delhi, and AI Plot of Land at Baba Kharak Singh Marg New Delhi) (Refer serial no. 11 & 12 of Note No. 9.1.e). A meeting was held on 1st June 2017 under the chairmanship of Hon'ble Finance Minister, and it was decided vide O.M. No-LIIA/1(140&427)/347 dated 17thAugust, 2017 that the above said land shall be handed over to Ministry of Housing Urban Affairs (MoHUA) and it was also agreed that MoHUA shall monetize the land and proceeds received there from shall be utilized solely for the purpose of liquidation of AIL liabilities. Accordingly, the above said lands were handed over to MoHUA on 21stAugust, 2017.

**e**.i. Out of 111 properties, the assets classified as held for sale includes 12 Residential Apartments at 13 Mullen Street, Ballygunge, Kolkata, West Bengal (Refer serial no. 5 of Note No. 9.1.e) which is in the occupancy of Waqf Board, Kolkata. The Waqf Board is claiming that the ownership of the property is in the name of Waqf Board and they are not agreeing to vacate the property. The then Air India initiated legal action against the Waqf Board, however, court has vide its order dated 11/08/2022 directed the lower court to frame specific issues pertaining to the maintainability of the suit and decide the issue along with other issues at the time of final hearing of the suit subsequently AIL has submitted original documents to the court. Civil Judge( Jr. Divn), Alipore passed order dated 24.07.2024 stating that the suit is dismissed. AIAHL has advised Air India to file an appeal in the matter vide email dated 02.08.2024

ii. Further, one encroached commercial land located at Patna (Refer serial no. 20 of Note No. 9.1.e) was offered by AIL/AIAHL to alloting authority against compensation. Collector, Patna directed Circle Officer, Patna Sadar to acquire the said land by 30.11.2023 and ensure reciept of outstanding annual rent of Rs. 3.25 million within one month from AIL.

CMD, AIAHL has taken up the matter with Chief Secretary of Bihar vide letter dated 16th May, 2024 stating to consider the surrender of the said property back to allotting authority without payment of any outstanding due, annual rent etc.

iii. Further, one residential land for bunglow at Nashik (Refer serial no. 14 of Note No. 9.1.e) have been encroached by trespassers. AIAHL/AIL has communicated vide letter dated 23rd November, 2023 to the allotting and the local authorities to get the encrochment removed. Further, for title transfer of the said property from AIL to AIAHL is under process.

iv. Furthermore, commercial land at Jamnagar Gujarat (Refer serial no. 59 of Note No. 9.1.e) was handed over in July 2022 to allotting authority against court directive.

**f.** One property at Srinagar (Refer serial no. 30 of Note No. 9.1.e) and two properties at Jammu (Refer serial no. 21 & 42 of Note No. 9.1.e) for which vacation notice has been issued by allotting authority. AIAHL has filed writ petitions for stay and the court has granted the stay.

**g.** The then AIL had paid an advance of ₹ 24.6 million to CIDCO for purchase of another plot of leasehold land at Nerul (Refer serial no. 25 of Note No. 9.1.e) for the purpose of construction of staff quarters. The possession of the plot allotted by CIDCO in this regard has not been handed over to the then AIL and agreement/ lease deed has not been executed till date.

**h.** The following three properties do not have land ownership documents:-

a. 03 Flats, Gazdar Schemes, Khar, Mumbai (Refer serial no. 1 of Note No. 9.1.e)
b. CBO,10/59 Bhadbhada Road, TT Nagar, Bhopal (Refer serial no. 15 of Note No. 9.1.e)
c. Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad (Refer serial no. 36 of Note No. 9.1.e)

**i.** For 06 Residential Plots (Refer serial no. 3 of Note No. 9.1.e), Charkop, Kandivali, Mumbai allotment letter issued but cancelled in 2016. However, physical possesion is with the company.

**j.** AIL is having 9% share in Krupanidhi Society building, Ballard estate, Mumbai (Refer serial no. 45 of Note No. 9.1.e). The court has extinguished all the rights of Krupanidhi Society. Court of small causes, Mumbai dated 30.11.2023 passed an order to issue warrant of possesion as prayed by Bombay Port Trust (BPT) and to execute the possession warrant. Karupanidhi society filed an appeal against the order.

**k.** 3 properties at serial no. 62, 63 and 66 have been surrendered to alloting authorities, however handing over - taking over is pending.

**Note 9.3: Brief information/profile about four subsidiaries are as under: -**

**AI Airport Services Ltd (AIASL):**

The Company was operationalized in February 2013 and commenced its autonomous operationalization from F.Y 2014-15. The Company since its stand-alone has been a profitable Company except for the financial year 2020-21.

**AI Engineering Services Ltd (AIESL):**

AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. AIESL has taken various initiatives to improve its overall revenues and during the Financial Year 2021-22 the Company turned into the profit making and in the current year it is showing improvement in its performance on a year-to-year basis. With a steady increase in revenue and the Make in India thrust of the Govt. of India which will ensure that

maintenance of aircraft is within the country, the rapid growth of Aviation in the country and a large number of aircraft orders by Indian carriers, AIESL is best poised for taking advantage of the growth in maintenance activities and MRO business within India. AIESL is profitable since 2021-22 and in view of the above measure AIESL is likely to be profitable in in future year also.

**Alliance Air Aviation Ltd (AAAL):**

AAAL has emerged as a major player in the Government of India's premier scheme UDAN, which connects to various Tier - II and Tier - III cities with the development of unserved / underserved airports. Alliance Air is on its way to reverse the trend of adverse financial parameters. The Company has also reduced operating loss during the FY 2022-23. Further, the Company has also implemented cost-saving measures for the reduction of costs.

Further, during FY 2023-24 ₹ 6000.00 million of financial support to Alliance Air Aviation Limited (AAAL) has also been provided. Furthermore, during FY 2024-25, the Company has sent a proposal seeking additional financial support from the Government.

**Hotel Corporation of India Ltd (HCI):**

HCI is primarily engaged in the business of owning operating & managing Hotels and Flight Catering services. The Company has been facing a liquidity crunch and its financial and operating performance has been affected in recent years due to a number of external and internal factors.

Various initiatives have also been taken by the management for improving the operational performance of the Company and increasing the revenues of the Company. Further, during FY 2024-25, ₹ 571.4 million of financial support through equity infusion so as to enable the company to pay its liabilities and improve its performance.

**Note 9.4: Disinvestment plan of the subsidiaries:**

The Ministry of Finance, Government of India vide F. No. 3/24/2017-DIPAM IIB (Vol.II) dated 17th October, 2019 has issued Office Memorandum and directed to state that Air India Specific Alternative Mechanism (AISAM) to re-initiate the process of disinvestment of Air India and its subsidiaries by circulation. Accordingly, the then AIL has been disinvested.

Consequent to the Strategic Disinvestment of Air India, Government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). The Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. Roadshows have been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Govt.

PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment. In this regard meetings were held in 2023-24 with MoCA and DIPAM.

The above-specified procedure is taking time due to the involvement of various Ministries/Departments of the Government of India.

**Note 9.5:** Under the strategic disinvestment of the then AIL, outstanding recoverable balances from subsidiaries has also been transferred to the Company. On the outstanding recoverable balances, the then AIL used to charge interest at the rate of 9% per annum on average of outstanding balances. Department of Economic Affairs (DEA), Ministry of Finance (MoF) vide letter dated 22ndJuly, 2022 issued an Office Memorandum (file No – 7/1/2022-PPU) directing the Company to charge same rate of interest to its subsidiaries as was being charged by the then AIL. Accordingly, the Company has charged 9% interest on the average balance of outstanding recoveries as per the prevailing practice (i.e. opening balance plus closing balance divided by two). Accordingly in the FY 2023-24 ₹ 4,784.98 million (Previous Year ₹ 4,508.74 million) has been accounted as interest income. In addition to this, as per the decision of Board of Directors, the Company had advanced an amount of ₹ 562.50 million during the FY 2021-22 to its subsidiary M/s Alliance Air Aviation limited on which the Company is charging 1% per annum rate of interest.

## NOTE 10: EQUITY SHARE CAPITAL

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number in Million | ₹ in million | Number in Million | ₹ in million |
| **Authorised Capital** | | | | |
| Equity Shares of Rs 10/- each | 70,000.00 | 7,00,000.00 | 70,000.00 | 7,00,000.00 |
| **Issued, Subscribed and Fully Paid up Capital** | | | | |
| Equity Shares of Rs 10/- each | 62,965.45 | 6,29,654.50 | 62,365.45 | 6,23,654.50 |
| | **62,965.45** | **6,29,654.50** | **62,365.45** | **6,23,654.50** |

**Details of Shareholding in excess of 5%** **₹ in million**

| Name of Shareholder | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number of shares held | % | Number of shares held | % |
| Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India | 62,965.45 | 100% | 62,365.45 | 100% |

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

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

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number in Million | ₹ in million | Number in Million | ₹ in million |
| At the beginning of the year | 62,365.45 | 6,23,654.50 | 62,365.45 | 6,23,654.50 |
| Issued during the Year | 600.00 | 6,000.00 | - | - |
| **Outstanding at the end of the year** | **62,965.45** | **6,29,654.50** | **62,365.45** | **6,23,654.50** |

1. The Company has issued only one class of shares referred to as equity shares having a par value of Rs10/- per share. Each holder of equity shares is entitled to one vote per share. In

the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders after distribution of all preferential amounts, if any.

2. The Company has issued 600.00 millions of Equity shares in two tranches in FY 2023-24 to the Government of India for the financial support to Alliance Air Aviation Limited (AAAL), subsidiary of the Company.
3. There were no bonus shares issued and there is no instance of shares being issued for consideration other than cash and no shares have been bought back by the company from the incorporation date i.e. 22nd January 2018 to the date of the Balance Sheet.
4. Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).
5. Share reserved for issue under option and contract or commitment for sale of shares or disinvestment is Nil (Previous Year: Nil).

**Promoter's shareholding***

| Name of Promoter | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number of shares held | % | Number of shares held | % |
| Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India | 62,965.45 | 100% | 62,365.45 | 100% |

*There has been no change in the promoter holding during the year. The Company has only one class of equity shares

**NOTE 11: OTHER EQUITY** **(₹ in million)**

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| **Surplus in Statement of Profit and Loss :** | | | | |
| Balance as per last Balance Sheet | | 55,690.33 | | (8,797.50) |
| Grant for the repayment of Series-I Bond | - | | 70,000.00 | |
| Profit for the year | 4,847.11 | | (5,512.16) | |
| Less: | | | | |
| Transfer to General Reserve | - | | - | |
| Add: Prior Period Adjustments | - | | - | |
| Less: Prior Period Adjustments | - | | - | |
| Net Surplus | | 4,847.11 | | 64,487.84 |
| **Total Reserves & Surplus** | | **60,537.44** | | **55,690.33** |

**Retained Earnings:**

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

Notes to Standalone Financial Statements For The Year Ended March 31, 2024

**NOTE 12: BORROWINGS**

**(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| 7.39% Debentures Series II-Tenure 10 Yrs-GoI assured for servicing and repayment | 70,000.00 | 70,000.00 | - | - |
| 7.39% Debentures Series III-Tenure 10 Yrs-GoI assured for servicing and repayment | 79,850.00 | 79,850.00 | | - |
| **Total** | **1,49,850.00** | **1,49,850.00** | - | **-** |

**Note 12.1:** The Debentures are guaranteed for repayment of principal and payment of interest by GoI. There is no periodical put/ call option. The Debentures are repayable in full on maturity date.

**NOTE 13: OTHER FINANCIAL LIABILITIES**

**(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Interest Accrued on Bonds but not due for payment | - | - | 5,014.64 | 4,998.04 |
| Deposit transferred - JDC arrears against housing colonies * | - | - | 96.80 | 97.50 |
| Others (including EMD) | - | - | 1.70 | 1.39 |
| **Total** | **-** | **-** | **5,113.14** | **5,096.93** |

* The then AIL has transferred funds for JDC arrears of the employees to the company which will be payable in due course as the matter is sub-judice.

## NOTE 14: TRADE PAYABLE

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade Payables | | |
| - Micro Small and Medium Enterprises | 0.87 | - |
| - Other Payables | 4.91 | 3.76 |
| **Total** | **5.78** | **3.76** |

**Ageing of trade payables**
**As at March 31, 2024**

(₹ in million)

| Particulars | Unbilled | Outstanding for following periods | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues (MSEs) | - | 0.87 | - | - | - | 0.87 |
| (i) Undisputed dues (Others) | - | 3.48 | 1.43 | - | - | 4.91 |
| (iii) Disputed dues (MSEs) | - | - | - | - | - | - |
| (iv) Disputed dues (Others) | - | - | - | - | - | - |
| **Total** | **-** | **4.35** | **1.43** | **-** | **-** | **5.78** |

Note: Interest of ₹ 5,484/- is booked on account of delayed payment to MSME registered vendors.

**As at March 31, 2023**

(₹ in million)

| Particulars | Unbilled | Outstanding for following periods | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues (MSEs) | - | - | - | - | - | - |
| (i) Undisputed dues (Others) | - | 3.72 | - | 0.04 | - | **3.76** |
| (iii) Disputed dues (MSEs) | - | - | - | - | - | - |
| (iv) Disputed dues (Others) | - | - | - | - | - | - |
| **Total** | **-** | **3.72** | **-** | **0.04** | **-** | **3.76** |

## NOTE 15: PROVISIONS

(₹ in million)

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | 31-Mar-24 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| Provision for Expenses | - | - | 1,704.98 | 652.36 |
| **Total** | **-** | **-** | **1,704.98** | **652.36** |

## NOTE 16: OTHER CURRENT LIABILITIES

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Statutory Dues | 0.50 | 60.75 |
| Other | 4.52 | 0.04 |
| **Total** | **5.02** | **60.79** |

## NOTE 17: LIABILITIES AGAINST ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance Received against sale of Properties (Refer Note No - 17.1) | 143.66 | 138.98 |
| Advance CIDCO Nerul HSG Project (Refer Note No 17.2) | 415.33 | 415.33 |
| Expense Payable - CIDCO Nerul Properties (Refer Note No 17.3) | 376.62 | 376.62 |
| Monetization Proceeds Samata Nagar Property (Refer Note No 17.4) | 50.28 | 50.29 |
| **Total** | **985.89** | **981.22** |

**Note 17.1:** Out of ₹ 143.66 million advance received against sale of properties, the then AIL had initiated the process of monetization and an advance as liability of ₹ 44.83 million (Previous Year ₹ 106.51 million) against sale of unsold properties and the company has received advance against sale of properties of ₹ 98.83 million (Previous Year ₹ 32.48 million). The monetization of these properties is yet to be completed.

**Note 17.2:** As per credit number 6 dated 31st March 2022 received by the Company from AIL an amount of ₹ 415.33 million advances received by the then AIL from their employees against proposed sale of flats of Nerul HSG property which are yet to be executed. The said property has also been transferred by the then AIL to the Company and the said advance against such flat has been transferred to the Company. Further, the Company has initiated the process of transfer of agreement to lease from AIL to the Company.

**Note 17.3:** The then AIL has transferred expense payable of ₹ 376.62 million to CIDCO towards beautification of Nerul HSG property etc. The said expense payable has been transferred to the Company.

**Note 17.4:** The property is under redevelopment through SD corporation and an agreement has been signed with SD corporation by the then AIL on 19th June 2019. Under the redevelopment agreement SD Corporation shall provide 62 flats as against existing 60 flats. SD Corporation has offered a carpet area of 970 sq. ft. per flat as against 634.19 sq. ft. per flat. Against such arrangement the then AIL had transferred a liability of ₹ 50.28 million. Title transfer from AIL to AIAHL has been initiated.

## NOTE 18: OTHER INCOME

### Accounting Policy

Revenue is recognized when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised in the Statement of Profit and Loss to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably. Ind AS 115 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard introduced a five-step approach to revenue recognition:

- Identifying the contract;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating that transaction price to the performance obligations; and
- Finally recognizing the revenue as those performance obligations are satisfied.

a. Revenue grants received from Government with conditions and obligations has been accounted for as income approach showing grant as income to the extent grant fund used and matched with associated expenses, which the grant is intended to compensate. However, if the grants are in the nature of promoters' contribution, the same will be credited directly to the Shareholder's Fund as per capital approach.
Further, interest earned and accrued on the grant funds shall also be categorised as grant fund.

b. Interest income is recognized on a time proportion basis as per effective interest rate.

c. Rental and Maintenance Income: - Revenue in respect of rental and maintenance services is recognized on an accrual basis, in accordance with the terms of the respective contract as and when the Company satisfies performance obligations by delivering the services as per contractual agreed terms.

d. Revenue from sale of properties is recognized at the Point in Time w.r.t. sale of real estate units, including land, plots, apartments, commercial units etc. as and when the control passes on to the customer which coincides with handing over of the possession to the customer. However, Cost of constructed properties includes cost of land (including cost of development rights/ land under agreements to purchase), estimated internal development costs, external development charges, borrowing costs, overheads, construction costs and development/ construction materials, which is charged to the statement of profit and loss based on the revenue recognized as explained above in consonance with the concept of matching costs and revenue.

e. The claim receivable from Insurance Company is accounted for on the acceptance by the Insurance Company of such claims.

f. Credit notes received are recognized on acceptance of claim/receipt of credit note.

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Rent from properties held for sale | 1,636.76 | 1,568.69 |
| **Total** | **1,636.76** | **1,568.69** |

## NOTE 18.1: OTHER MISCELLANEOUS INCOME

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Grant-in-aid from GoI (Refer Note No- 4.2 ) | 7,234.51 | 4,260.52 |
| Interest Income on FDRs | 425.33 | 947.87 |
| Interest on outstanding recoveries of subsidiaries (Refer Note No. - 9.4) | 4,784.93 | 4,508.74 |
| Advance Forfeited (Sale of properties) | 24.63 | 1.70 |
| Profit on Properties sold | 168.46 | 951.47 |
| Interest on Income Tax Refund | 17.07 | 12.49 |
| Misc. Income | 25.39 | 10.98 |
| **Total** | **12,680.32** | **10,693.77** |

## NOTE 19: EMPLOYEE BENEFIT EXPENSES

### Accounting Policy

**a.** Short term employee benefits: All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences etc. are recognized in the period in which the employee renders the related services.

**b. Post-employment benefits:**
Defined Contribution Plans consists of contribution to Employees Provident Fund. Salaries of all the employees of the Company are exceeding the threshold limit as prescribed in Employees' Provident Fund Scheme, 1952. Hence the same is not applicable including Employee State Insurance (ESI).

Defined Benefit Plans, which are not funded, consist of Gratuity, Leave Encashment including Sick Leave and other benefits.

(₹ in million)

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Salaries and Wages | 17.30 | 18.27 |
| **Total** | **17.30** | **18.27** |

**Note 19.1:** The Company has not recognized any expenditure towards defined contribution plans in respect of Employees Provident Fund, Employee State Insurance benefits and Gratuity as the same are not applicable on the company, hence, actuarial valuation has not been obtained and therefore no provision is required.

## NOTE 20: FINANCE COST

### Accounting Policy

**a.** Borrowing cost includes interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

**b.** Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress, if any, are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.

**(₹ in million)**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Interest on Bonds of AIAHL | 11,090.52 | 14,545.93 |
| Interest on Overdrafts | - | 28.35 |
| **Total** | **11,090.52** | **14,574.28** |

## NOTE 21: OTHER EXPENSES

**(₹ in million)**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| NCD's & Equity Related Expenses | 0.32 | 0.33 |
| Legal And Professional Expenses | 9.05 | 21.07 |
| Meeting Related Expenses | 0.16 | 0.29 |
| Advertisement Expenses | 1.25 | 3.41 |
| Medical Expenses AIL Eligible Employees (Refer Note No. 3.9) | 745.54 | 2,260.52 |
| Bank Charges | 0.03 | 0.04 |
| Conveyance & Fuel Expenses | 0.70 | 0.61 |
| Lease Rent Expenses | 96.24 | 97.02 |
| Building Maintenance Expenses | 133.14 | 98.72 |
| Electricity Consumption Charges | 19.46 | 20.53 |
| Water Charges | 2.22 | 2.49 |
| Nezul Charges | - | 65.21 |
| MSTC Service Charges | 4.89 | 16.71 |
| Insurance Expenses | 11.25 | - |
| Manpower Supply services | 84.18 | 19.13 |
| Printing & Stationary | 0.38 | 0.43 |
| ROC Filing Fees | 0.12 | 0.05 |
| Rates & Taxes (Refer Note No. 21.1) | 1,010.33 | 571.50 |
| Telephone Expenses | 0.10 | 0.07 |
| Travel, Boarding & Lodging Expenses | 0.80 | 1.62 |
| Office Expenses | 0.55 | 0.64 |
| Misc. Expenses | 0.97 | 0.87 |

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **Remuneration To Statutory Auditor** | | |
| - Audit fees | 0.45 | 0.45 |
| - Out of Pocket Expenses | 0.07 | - |
| Other audit fees (Tax, Internal Audit & Limited Review Fees) | 0.37 | 0.34 |
| **Total** | **2,122.57** | **3,182.05** |

**Note 21.1:** Rates and Taxes includes property tax and stamp duty on immovable properties (held for sale) calculated on estimation basis. Accordingly, the additional provision of Rs. 1,010.33 million (Previous Year Rs. 571.50 million) has been created during the year.

## NOTE "22" : EARNING PER SHARE

### Accounting Policy

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equities shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

Disclosure of Earnings Per Share (EPS) computation as per Indian Accounting Standard -33

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Profit available for appropriation as per Profit & Loss Statement (₹ in million) | 4,847 | (5,512.16) |
| Weighted average No. of equity shares outstanding during the year (₹ in million) | 62,771.38 | 62,365.45 |
| Basic and Diluted EPS (₹) | 0.08 | (0.09) |
| Face value per equity share (₹) | 10 | 10 |

## 23. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS

### Accounting Policy

**i)** Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, and it is probable that there will be an outflow of resources.

**ii)** Contingent liabilities are not provided for and are stated by way of notes to accounts. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**iii)** Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

**ONEROUS CONTRACTS**

An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

**23.i. Contingent liabilities (to the extent not provided for)**

Claims against the Company not acknowledged as debts:

**a.** The Income Tax Department has raised demands under section 143(1) for the assessment year 2020-21 amounting to ₹ 461.84 million. In the opinion of the Company, there was an apparent error in the demand, hence the Company had applied on 2nd November 2021 for the rectification of the error under section 154 of the Income Tax Act. The department had issued a notice under section 142(1) for the said assessment year 2020-21 for the scrutiny assessment. An assessment order u/s 143(3) dated 6th September 2022 has been issued. However, refund of TDS amounting to ₹ 24.62 million has been adjusted by the department against the demand generated for delayed payment of advance tax in spite of the fact that interest u/s 234B & 234C had already been paid by the company at the time of filling the ITR. Therefore, an application/response for rectification of apparent mistake in the order issued by the department has been filed by the company dated 30th November 2022. The same is under process.

**b.** The then Air India/subsidiaries' employees' union/employees have filed cases in various courts against AIL/subsidiaries/Union of India relating to various matters, making the Company also a party. In the opinion of the management, the Company should not be made a party to these cases and the amount of liability is not ascertainable at present.

**c.** Properties have been book transferred to the Company by the then AIL and the title and physical possession of these properties were with the AIL on the date of transfer. Hence, the dues, if any, towards property taxes/ house Tax and/or any other claim as on the date of transfer against these properties has not been informed/intimated by the then AIL. However, an additional estimated provision of ₹ 1010.33 million (Previous Year ₹ 571.50 million) made against property / other taxes for the financial year 2023-24 based on management estimation.

**d.** In terms of the requirement of SEBI regulation, LODR Regulation 2015, BSE has raised demands for delayed submission of half-yearly/quarterly financials for aggregated amount of ₹ 8.90 million (Previous year ₹ 2.01 million) as on 31.03.2024.

Bombay Stock Exchange (BSE) on Company's request had waived the penalty demand of ₹ 0.23 million for a half yearly LODR due in September, 2021 under SEBI (LODR) Regulations, 2015.

The Ministry of Civil Aviation vide letter dated 25.10.2022 & the Company's letter dated 25.09.2023 and recent letters dated 25.09.2024 have requested BSE to consider waiver of penalties. Hence liability has not been provided for in the books of the company.

**e.** The company has received communication dated 3rd August 2023 from Dy Head MMG (DRDO) for levy of ₹ 318.35 million for liquidated damages / Interest on advance including IGST TDS against the recoverable from DRDO transferred by the then AIL. The company

has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023 and therefore liquidated damages should not be levied by DRDO. Hence liability has not been provided for in the books of the company.

**23.ii. Guarantee given by the Company:**

As per the approval granted by the Board of Directors in its 29th meeting held on 27th December 2021 the Company has given guarantees of USD 71.74 million (equivalent to ₹ 5,983.47 million). Out of this, USD 45.60 million (equivalent to ₹ 3,803.27 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,588.87 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹ 591.34 million) in the form of BG issued on behalf of a subsidiary M/s Alliance Air Aviation Limited (AAAL) for lease agreements executed with M/s DAE, M/s Elix and M/s AVAP for leasing of 18 number of ATR-72 aircraft. Against such SBLC/BG a cash margin of ₹ 2,284.20 million in the form of fixed deposit has been given by the Company to the bank. The total exposure of corporate guarantee and SBLC given to DAE shall not exceed USD 38.10 million (equivalent to ₹ 3,177.73 million). FEDAI spot rate (83.405) as on 31st March 2024 has been adopted for the conversion of USD into ₹.

The expenses in relation to the same incurred by the Company amounting to ₹ 23.25 million (Previous Year ₹ 28.62 million) have been transferred to the subsidiary for reimbursement of the same.

**23.iii. Capital & Other Long-Term Commitments:**

Commitments against the repayment of Non-Convertible Debentures are as under: -

| S. No. | Particular | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|---|
| | | (₹ in million) | (₹ in million) |
| 1 | **Due Dates of Principal Repayments** | | |
| | 1. 7.39% Series – II dated 12-10-2029 | 70,000.00 | 70,000.00 |
| | 2. 7.39% Series – III dated 22-10-2029 | 79,850.00 | 79,850.00 |

**24. RECONCILIATION / CONFIRMATION**

The Company has sought the confirmation of balances for major receivables and payables as on 31st March 2024. Some of the parties have responded and their balances are in agreement with the books of the Company.

The balances of GST input tax credit as per books and as per GST portal are not reconciling and the company is under the process of reconciliation of the same.

## 25. INTERNAL CONTROLS

**a.** The Company is in continuous process of strengthening the internal control process in the company so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations and user departments. The company has appointed independent firm for conducting the internal audit to provide suggestions for the improvement in the system required, if any.

**b. Audit Trail:** The company is maintaining its books of accounts using accounting software that contains the features of Audit Trail. However, the Service Organisation Controls Report, to confirm whether the audit trail feature was enabled and operated throughout the period for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with, is not on record.
As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

## 26. SEGMENT REPORTING

As the Company's business activity primarily falls within a single business and geographical segment, thus there are no additional disclosures to be provided under segment reporting.

## 27. DUES TO MICRO, SMALL& MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:

The information on the outstanding balances to MSME as at 31st March 2024 is ₹ 0.87 million. Details for the same areas under: -

**( ₹ in Million )**

| **Particulars** | **31st March, 2024** | **31st March, 2023** |
|---|---|---|
| Principal amount due and remaining unpaid | 0.87 | - |
| Interest due on above | 0.01 | - |
| Payment made beyond the appointed day during the year | - | - |
| Interest paid | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid | 0.01 | - |
| Amount of further interest remaining due and payable in succeeding years | - | - |

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprise as on the basis of information available with the company.

## 28. RELATED PARTY DISCLOSURES

Disclosure of the names and designations of the related parties as required by the Ind AS 24 "Related Party Disclosures", during the year 2023-24:

**A. List of related parties** : (As identified by the management), unless otherwise stated In terms of Ind AS 24, following are related parties which are government related entities i.e. significantly controlled and influenced entities (Government of India) :

### i. List of Subsidiary Companies

| Sr. No. | Name of Company | Relationship |
|---|---|---|
| 1 | AI Airport Services Limited (AIASL) | Subsidiary Company |
| 2 | AI Engineering Services Limited (AIESL) | Subsidiary Company |
| 3 | Alliance Air Aviation Limited (AAAL) | Subsidiary Company |
| 4 | Hotel Corporation of India Limited (HCI) | Subsidiary Company |

### ii. Others

| Sr. No. | Name of Company | Relationship |
|---|---|---|
| 1 | Airport Authority of India | Entity under common control by the Government of India |
| 2 | Ministry of Civil Aviation | |

### B. Key Managerial Personnel & Relatives

| Sr No. | Name of Director | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 1 | Shri Asangba Chuba Ao | CMD | 01.01.2024 (Appointment) |
| 2 | Shri Satyendra Kumar Mishra | Director & CMD | 22.01.2018 (Appointment) |
| | | | 31.12.2023 (Cessation) |
| 3 | Shri Padam Lal Negi | Director | 03.02.2023 (Appointment) |
| 4 | Smt. Parama Sen | Director | 10.06.2021 (Appointment) |
| | | | 12.12.2023 (Cessation) |
| 5 | Shri Solomon Arokiaraj | Director | 27.12.2022 (Appointment) |
| 6 | Shri Rahul Jain | Director | 12.12.2023 (Appointment) |
| | | | 04.05.2024 (Cessation) |
| 7 | Shri Alok Pande | Director | 16.05.2024 (Appointment) |
| 8 | Shri Shobhit Gupta | Director | 25.05.2024 (Appointment) |
| 9 | Shri Rajiv Kapoor | CFO | 12.11.2021 (Appointment) |
| 10 | Ms. Kavita Tanwar | CS | 01.08.2022 (Appointment) |

**C. Transaction with Key Managerial Person (KMP)**

There are no transactions with Key Managerial Personnel except for the Salaries or remuneration paid to the KMPs as under during the year FY 2023-24. Details for the same are as under: -

a. Shri Vikram Dev Dutt, CMD ₹ Nil million (prev. year ₹ 3.57 million)
b. Shri Rajiv Kapoor, CFO ₹ 1.91 million (prev. year ₹ 1.83 million)
c. Ms. Kavita Tanwar, CS ₹ 1.22 million (prev. year ₹ 0.80 million)"

**D.** In term of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. significantly controlled and influenced entities (Government of India) and other than government related parties:

**( ₹ in Millions )**

| S. No. | Transactions | 2023-24 | 2022-23 |
|---|---|---|---|
| **1** | **Alliance Air Aviation Limited (AAAL)** | | |
| **a.** | **Revenue** | | |
| i. | Interest @ 1% P.A. on advances to AAAL | 5.63 | 5.63 |
| ii | Interest on Outstanding Recoveries | 2,406.43 | 2,149.18 |
| iii | Rentals | 2.84 | 2.03 |
| **b.** | Funds remitted against amount transferred by the then AIL in FY 2021-22 towards NASFT charges. | - | 257.00 |
| **c.** | **Closing Balance as on 31st March** | | |
| | **- Advance to AAAL** | 562.50 | 562.50 |
| | **- Outstanding Recoverable** | 23,602.28 | 26,122.76 |
| | - Reimbursement from AAAL | 28.11 | 33.48 |
| | - Investments | 10,022.50 | 4,022.50 |
| **2** | **AI Engineering Services Limited (AIESL)** | | |
| **a.** | **Revenue** | | |
| i. | Interest on Outstanding Recoveries | 1,840.76 | 1,865.56 |
| ii | Rental & others | 458.24 | 536.57 |
| **b.** | **Expenditure** | | |
| i. | Manpower Charges | 35.33 | 15.05 |
| **c** | **Funds received against Recoverable** | 2,690.00 | 1,700.00 |
| **d.** | **Closing Balance as on 31st March** | | |
| | - Outstanding Recoverable | 20,553.85 | 21,739.44 |
| | - Investments | 1,666.67 | 1,666.67 |
| **3** | **AI Airport Services Limited (AIASL)** | | |
| **a.** | **Revenue** | | |
| **i.** | Interest on Outstanding Recoveries | 39.07 | 35.72 |
| **ii.** | Rental | 4.97 | 6.96 |
| **b.** | **Expenditure** | | |
| i. | Manpower Charges | 2.85 | 1.52 |
| **c.** | **Closing Balance as on 31st March** | | |
| | - Outstanding Recoverable | 468.76 | 435.47 |

| S. No. | Transactions | 2023-24 | 2022-23 |
|---|---|---|---|
| | - Investments | 1,384.24 | 1,384.20 |
| **4** | **Hotel Corporation of India Limited (HCI)** | | |
| **a.** | **Revenue** | | |
| i. | Interest on Outstanding Recoveries | 493.39 | 452.66 |
| **b.** | **Expenditure** | | |
| i. | Meeting expenses | 0.26 | 0.20 |
| **c.** | **Closing Balance as on 31st March** | | |
| | - Outstanding Recoverable | 5,975.64 | 5,482.16 |
| | - Investments | 1,106.00 | 1,106.00 |
| **5** | Annual rent of ₹ 1.00 charged by Airport Authority of India for Safdarjang office at New Delhi. | | |

**E. In compliance with Ind AS 27 "Separate Financial Statements" the required information are as under:**

| S. No. | Transactions | % of ownership interest | |
|---|---|---|---|
| | | As at 31st March, 2024 | As at 31st March, 2023 |
| **1** | AI Airport Services Limited (AIASL) | 100% | 100% |
| **2** | AI Engineering Services Limited (AIESL) | 100% | 100% |
| **3** | Alliance Air Aviation Limited (AAAL) | 100% | 100% |
| **4** | Hotel Corporation of India Limited (HCI) | 80.38% | 80.38% |

**29. Following are the details of foreign currency earned and expended by the company during the financial year**

**( ₹ in Millions )**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Foreign exchange earnings | - | - |
| Foreign exchange expended | - | - |
| **Net foreign exchange earnings** | **-** | **-** |

**30. CORPORATE SOCIAL RESPONSIBILITY**

Section 135 (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Further as per section 135(5), the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

Since the average net profits of the company during the three immediately preceding financial years is in negative hence in the current financial year allocation/expenditure on CSR activities is not required.

Further, the Company, being an SPV specifically incorporated for the limited purposes of enabling specified transactions for the Disinvestment of Air India and not being a commercial business entity dependent upon the Govt. of India grant funds, has sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee and request the Govt. of India for considering whether the applicability of these requirements of CSR for commercial operational business entity, can be considered for being exempted for the SPV. The Secretary Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested MCA for re-examine of their decision for the exemption from CSR. The decision is awaited.
In view of the above and pending constitution 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.

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Amount required to be spent by the company during the year | - | - |
| Amount of expenditure incurred | - | - |
| **Nature of CSR activities** | - | - |
| a) Construction / acquisition of any assets | - | - |
| b) On purpose other than 1 above | - | - |
| Shortfall at the end of the year / period | - | - |
| Total of previous years shortfall | - | - |
| Reason for shortfall | - | - |
| Nature of CSR activities : | - | - |

## 31. INDEPENDENT DIRECTOR AND NOMINATION & REMUNERATION COMMITTEE

**a.** The appointment of the Independent Directors on the Board of AIAHL in terms of the Section 149 of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been requested to Ministry of Civil Aviation (MoCA) vide letter dated 25th July, 2023 and in response to MoCA letter, DoPT issued OM F No. PD-1-9/8/2023-DPE dated 30th November, 2023 and requested MoCA to furnish the proposal of appointment of Independent Directors on the Board of AIAHL along with panel of names and their bio-data so that the same could be placed before serch committee. MoCA vide its email dated 15th February, 2024 forwarded the communication received from DPE for necessary action to AIAHL. Accordingly, the company has obtained registration at portal of Indian Institute of Corporate Affairs to access the Independent Directors data bank and the names and biodata will be forwarded to MoCA for their review and taking the matter forward.

**b.** The Nomination and Remuneration Committee of the Company was constituted on 15th September, 2021 by the Board as per Section 178 of the Companies Act, 2013 and latest meeting was held on 14th October, 2022.

## 32. ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III

**(i)** Loans and advances to specified persons which are repayable on demand or without specifying any terms or period of repayment.

| Type of Borrower | Current period | | Previous period | |
|---|---|---|---|---|
| **Related Party** | **Amount outstanding (including interest)** | **% Of Total Loans and Advances** | **Amount outstanding** | **% Of Total Loans and Advances** |
| Subsidiaries | 55,604.86 | 100% | 53,896.67 | 100% |

**(ii) Details of benami property held**

There is no benami property held by the Company, hence, not applicable.

**(iii) Wilful defaulter**

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority**.**

**(iv) Compliance with number of layers of companies**

The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

**(v) Compliance with approved scheme(s) of arrangements**

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(vi) Utilisation of borrowed funds and share premium**

All borrowings of the Company have been used for the intended purpose, hence, not applicable.

**(vii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**viii) Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(ix) Title deeds of immovable properties not held in name of the company**

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value FY 2023-24 | Title deeds held in the name of # | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/ director | Property held since which date |
|---|---|---|---|---|---|
| **Asset held for sale** | Freehold Land & Building | 3,323.62 | Air India Limited /AIAHL | No | 31-Mar-22* |
| | Leasehold/others | 68,617.38 | Air India Limited | No | 31-Mar-22 |
| | Other Structures | 3,324.23 | Air India Limited | No | 31-Mar-22 |
| **Total** | | **75,265.23** | | | |

# Refer Note No. 9, 9.1 and 9.2 for more details and the reason for title deed not being held in the name of the Company.

* Except title transferred (on 08-12-2022) to AIAHL of the property- Airlines House, Kolkata, at Serial No. 13 of Note 9.1e

**(x) Capital Work-in-progress (CWIP)**

| CWIP | ₹ in Millions in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | - | - |

**(xi) Registration of charges or satisfaction with Registrar of Companies (ROC)**

All borrowings of the Company are fully assured by GoI for interest and principal repayments and no charge has been created with ROC. However, the Company has given SBLC/Bank Guarantee for one of its subsidiaries i.e. Alliance Air Aviation Limited's lessors namely Elix Aviation Capital, DAE Leasing, and AVAP for which the bank has kept margin deposit in the form of Fixed Deposit amounting to ₹ 2284.20 million (Previous Year ₹ 2282.00 million)

**(xii) Relationship with Struck off Companies:**

The Company has no outstanding balances as on 31.03.2024 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

(xiii) **Ratios** (₹ in millions)

| **Current ratio** | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Total current assets | 15,351.89 | 14,525.56 |

| **Current ratio** | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Total current liabilities | 6,828.92 | 5,813.83 |
| Ratio | 2.25 | 2.50 |
| **% change** | **-10.02%** | **636.37%** |
| **Reason** | Due to increase in current assets (cash & cash equivalents and rent receivable) as compared to previous year. | |
| **Debt equity ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Total debt | 1,49,850.00 | 1,49,850.00 |
| Shareholder's equity | 10,150.61 | -696.50 |
| Ratio | **14.76** | **-215.15** |
| **% change** | **-106.86%** | **6032.17%** |
| **Reason** | Due to negative net-worth of the company in the previous year and further issuance of Equity shares & profit in the current year compared to loss in the previous year. | |
| **Debt service coverage ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Earnings available for debt service (EBIDTA) | 12,177.21 | 9,062.14 |
| Total debt | 1,49,850.00 | 1,49,850.00 |
| Ratio | **0.08** | **0.06** |
| **% change** | **35.44%** | **-32.65%** |
| **Reason** | Due to increase in Grant in aid received from GOI. | |
| **Return on equity** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Net profits after tax | 4,847.11 | -5,512.16 |
| Average Shareholders' equity | 4,727.06 | -31,678.87 |
| Ratio | **1.03** | **0.17** |
| **% change** | **503.17%** | **-46.98%** |
| **Reason** | Due to profit during the year | |
| **Inventory turnover ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Cost of goods sold | - | - |
| Average inventory | - | - |
| Ratio | - | - |
| **% change** | **-** | **-** |
| **Reason** | Nil | |
| **Trade receivable turnover ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Revenue from operations | - | - |
| Closing trade receivables | - | - |

| **Current ratio** | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Ratio | - | - |
| **% change** | **-** | **-** |
| **Reason** | Nil | |
| **Trade payable turnover ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Other expenses | 2,122.57 | 3,182.05 |
| Closing trade payables | 4.91 | 3.76 |
| Ratio | **432.30** | **847.36** |
| **% change** | **-48.98%** | **324%** |
| **Reason** | Due to decrease in other expenses as compared to previous year. | |
| **Net capital turnover ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Rental Revenue from properties | 1,636.76 | 1,568.69 |
| Working capital | 8,522.97 | 8,711.73 |
| Ratio | 0.19 | 0.18 |
| **% change** | **6.69%** | **-1186%** |
| **Reason** | Due to increase in Rental revenue and decrease in working capital as compared to previous year. | |
| **Net profit ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Net Profit for the year | 4,847.11 | -5,512.16 |
| Rental Revenue from properties | 1,636.76 | 1,568.69 |
| Ratio | 2.96 | -3.51 |
| **% change** | **-184.37%** | **-72%** |
| **Reason** | Due to increase in rental revenue and profit during the year | |
| **Return on capital employed** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Profit before exceptional item & tax plus finance cost | 12,177.19 | 9,062.12 |
| Capital employed | 1,60,000.61 | 1,49,153.50 |
| Ratio | **0.08** | **0.061** |
| **% change** | **24.77%** | **-52%** |
| **Reason** | Mainly due to increase in grant received from GOI and capital employed. | |
| **Return on investment** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Income from investment | Nil | Nil |

| Current ratio | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Closing balance of investment | Nil | Nil |
| Ratio | Nil | Nil |
| **% change** | **Nil** | **Nil** |
| **Reason** | No investment made | |
| 1. Total debt = non-current borrowings + Current borrowings | | |
| 2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs | | |
| 4. Working capital = Total current assets - Total current liabilities | | |
| 5. Capital employed = Total equity + Borrowings | | |
| 6. Total equity = Total equity excluding non-controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net) | | |

## 33. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

### Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### A. Financial Assets

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through Statement of Profit and Loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

(a) Financial assets carried at amortized cost: A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income: A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an

irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(c) Financial assets at fair value through Statement of Profit and Loss: A financial asset comprising derivatives which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(v) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables etc.

(vi) Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**B. Financial Liabilities**

(i) Initial recognition and measurement

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(iii) Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below

a) Financial liabilities at amortized cost:

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

b) Financial liabilities at fair value through Statement of Profit and Loss:

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(v) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously.

**33.i. Capital Management**

The Company’s objective when managing capital is to:

i. Safeguard its ability to continue as going concern so that the Company is able to provide return to stakeholders and benefits for other stakeholders; and
ii. Maintain an optimal capital structure of debt and equity balance.
iii. The capital structure of the Company consists of total equity of the Company.
iv. The Company's Audit Committee and BoD review the capital structure of the Company from time to time. The committee considers the cost of capital and the risks associated with each class of capital as and when required.
iv. During the financial year ended 31 March 2024, no significant changes were made in the objectives, policies or processes relating to the management of the Company’s capital structure.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in millions)

| Financial assets and liabilities as at March 31, 2024 | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets | 114.00 | 2,669.57 | 2,783.57 | - | - | - | - | - | - | - | - | 2,783.57 | 2,783.57 |
| Cash and cash equivalents | - | 9,295.60 | 9,295.60 | - | - | - | - | - | - | - | - | 9,295.60 | 9,295.60 |
| Bank balances other than cash and cash equivalents | 2,284.20 | 2.20 | 2,286.40 | - | - | - | - | - | - | - | - | 2,286.40 | 2,286.40 |
| AI Reconciliation Account/ Recoverable from AIL | - | 2,689.08 | 2,689.08 | - | - | - | - | - | - | - | - | 2,689.08 | 2,689.08 |
| **Total financial assets** | 2,398.20 | 14,656.45 | 17,054.65 | - | - | - | - | - | - | - | - | 17,054.65 | 17,054.65 |
| **Financial liabilities** | | | | | | | | | | | | | - |
| Borrowings # | 1,49,850.00 | - | 1,49,850.00 | - | - | - | - | - | - | - | - | 1,49,850.00 | 57.14 |
| Lease liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade payables | - | 5.78 | 5.78 | - | - | - | - | - | - | - | - | 5.78 | 5.78 |
| Other financial liabilities | - | 5,113.14 | 5,113.14 | - | - | - | - | - | - | - | - | 5,113.14 | 5,113.14 |
| **Total financial liabilities** | 1,49,850.00 | 5,118.92 | 1,54,968.92 | - | - | - | - | - | - | - | - | 1,54,968.92 | 5,176.06 |

| Financial assets and liabilities as at March 31, 2023 | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | |
| Trade receivables | | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets | 114.00 | 1,573.90 | 1,687.90 | - | - | - | - | - | - | - | - | 1,687.90 | 1,687.90 |
| Cash and cash equivalents | - | 7,734.79 | 7,734.79 | - | - | - | - | - | - | - | - | 7,734.79 | 7,734.79 |
| Bank balances other than cash and cash equivalents | 2,282.00 | 2,100.00 | 4,382.00 | - | - | - | - | - | - | - | - | 4,382.00 | 4,382.00 |
| AI Reconciliation Account/ Recoverable from AIL | - | 2,720.85 | 2,720.85 | - | - | - | - | - | - | - | - | 2,720.85 | 2,720.85 |
| **Total financial assets** | **2,396.00** | **14,129.54** | **16,525.54** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **16,525.54** | **16,525.54** |
| Borrowings | 1,49,850 | | 1,49,850.00 | - | - | - | - | - | - | - | - | 1,49,850.00 | 1,49,850.00 |
| Lease liabilities | - | | - | - | - | - | - | - | - | - | - | - | - |
| Trade payables | - | 3.76 | 3.76 | - | - | - | - | - | - | - | - | 3.76 | 3.76 |
| Other financial liabilities | - | 5,096.93 | 5,096.93 | - | - | - | - | - | - | - | - | 5,096.93 | 5,096.93 |
| **Total financial liabilities** | **1,49,850.00** | **5,100.69** | **1,54,950.69** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,54,950.69** | **1,54,950.69** |

# The Company's borrowings have been contracted at fixed rates of interest.

* The carrying amount of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represent the carrying value which approximates the fair values as on the reporting date.

Valuation technique was used to determine fair value using discounted cash flow method.

**Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## 34. FINANCIAL RISK MANAGEMENT

The company has exposure to following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk – a. Foreign currency and b. Interest rate

The Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents.

The Company is being a SPV formed for the limited purposes of disinvestment and supported through budgetary support from the GOI budget for Company's borrowings bearing fixed interest rates is not exposed to credit risk, liquidity risk and market risk.

The Company's management oversees the management of these risks. The Board of Directors has reviewed the policies for managing each of these risks, which are summarized as under:

(i) Credit risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

Being 100% Government owned Company and the 2 Series of NCDs Borrowings for repayments and interest servicing are guaranteed by the government of India in terms of the Letter of Authorization and Letter of Assurance issued by the GOI. There is thus no credit risk for the Company.

(ii) Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, by seeking allocation for budgetary support from GOI.

The Company believes that its liquidity position, including total cash (including bank deposits-FDRs in Escrow bank account and excluding interest accrued but not due) of ₹ 9,297.80 million as at 31st March 2024 (Previous Year ₹ 9,834.79 million) anticipated future internally generated funds from government and interest, and its full availability, will enable it to meet its future known obligation in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing options to maximize liquidity and supplement cash requirement as necessary.

The Company's liquidity management process as monitored by management includes the following:
-Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.

- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows from budgetary support from GOI.

**Exposure to liquidity risk**
**As at March 31, 2024**

**( ₹ in Million )**

| **Particulars** | **Carrying amount** | **Contractual cash flows** | | | |
|---|---|---|---|---|---|
| | | **Upto 1 year** | **1-5 years** | **More than 5 years** | **Total** |
| **Current** | | | | | |
| Trade Payables | 5.78 | 4.35 | 1.43 | - | 5.78 |
| Interest Accrued but not due on Borrowings/NCDs | 5,014.64 | 5,014.64 | - | - | 5014.64 |
| Other Financial Liabilities | 98.50 | 98.50 | - | - | 98.50 |
| **Total** | **5,118.92** | **5,117.49** | **1.43** | **-** | **5,118.92** |

**As at March 31, 2023**

**( ₹ in Million )**

| **Particulars** | **Carrying amount** | **Contractual cash flows** | | | |
|---|---|---|---|---|---|
| | | **Upto 1 year** | **1-5 years** | **More than 5 years** | **Total** |
| **Current** | | | | | |
| Trade Payables | 3.76 | 3.76 | - | - | 3.76 |

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | More than 5 years | Total |
| Interest Accrued but not due on Borrowings/NCDs | 4998.04 | 4998.04 | - | - | 4998.04 |
| Other Financial Liabilities | 98.89 | 98.89 | - | - | 98.89 |
| **Total** | **5,100.69** | **5,100.69** | **-** | **-** | **5,100.69** |

**(iii) Market risk**

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**(a) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates is nil because all the Company's borrowings are rupee denominated bearing fixed interest rates.

Interest rate sensitivity analysis

No possibility of a change of interest rates at the reporting date or in future as the rates are fixed for the entire tenure of the NCDs.

**(b) Currency risk**

Currency risk is the risk that the future cash flows of a financial instrument/commodity will fluctuate because of changes in foreign exchange.

Exposure to Foreign Currency Risk

The Company is not exposed to the effects of fluctuation in the prevailing foreign currency on its financial position and cash flows as its transactions are in Indian rupee only.

Foreign Currency Sensitivity Analysis

In view of there being no foreign exchange transactions during the year with Company's transactions limited to Indian Rupees, there is no foreign current exposure or risk, hence, no such sensitivity analysis done.

**35. Ind-AS 115: Performance Obligations and remaining Performance Obligations**

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2024, is ₹Nil (₹ Nil as on 31st March, 2023).

**36.** Previous Year figures have been re-grouped/re-arranged wherever considered necessary to be compatible with the Schedule III of the Companies Act 2013 and as per requirement specified in Ind-AS, to the extent of information being available and required for compilation.

**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M.No. 094292

Place: Delhi
Date: October 18, 2024

**For and on behalf of the Board of Directors**

**Sd/-**
**(Asangba Chuba Ao)**
Chairman and Managing Director
DIN 08086220

**Sd/-**
**(Rajiv Kapoor)**
Chief Financial Officer

**Sd/-**
**(Padam Lal Negi)**
Director
DIN 10041387

**Sd/-**
**(Kavita Tanwar)**
Company Secretary

# CONSOLIDATED FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED GROUP

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of consolidated financial statements of AI Assets Holding Limited for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) read with section 129(4) of the Act is responsible for expressing opinion on the financial statements under section 143 read with section 129(4) of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 27 June 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of AI Assets Holding Limited for the year ended 31 March 2024 under section 143(6)(a) read with section 129 (4) of the Act. We conducted a supplementary audit of the financial statements of Alliance Air Aviation Limited, AI Engineering Services Limited, Hotel Corporation of India and AI Airport Services Limited for the year ended as on date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

For and on behalf of the
Comptroller and Auditor General of India
Sd/-
(Pramod Kumar)
Addl. Deputy Comptroller and Auditor General
(Infrastructure)
New Delhi

Place : New Delhi
Dated: 22 August 2025

# 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, 2024, 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, 2024, 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 two of the subsidiaries viz Hotel Corporation of India Limited and Alliance Air Aviation Limited whose independent auditors have given a qualified opinion vide their Independent Auditor's Report dated 28th February, 2025 and 16th January, 2025 respectively. The same is reproduced hereunder:-

<table>
<tr><th>Sl No.</th><th>Qualifications</th></tr>
<tr><td colspan="2"><u>In case of Hotel Corporation of India Limited</u></td></tr>
<tr><td>1.</td><td>
Implementation of AMRD order on resolution of Centaur Lake View Hotel (CLVH):<br><br>
• 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.<br>
• 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.<br>
• 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).<br>
• The AMRD resolution plan, dated July 17, 2023, resulted in the transfer of CLVH ownership to the UT of J&K,<br>
- UT of J&K took over 145 employees of HCIL working at CLVH<br>
- The UT of J&K agreed to assume liabilities as follows:<br>
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Rs. In million</th></tr>
<tr><td>1.</td><td>Valuation of CLVH at Net Block as of 31st March, 2022</td><td>60.7</td></tr>
<tr><td>2.</td><td>Employee liability for the Govt. of J&K from 1st March, 2023 onwards</td><td>175.8*</td></tr>
<tr><td>3.</td><td>Salary payments for workers (March-June 2023)</td><td>30.8</td></tr>
<tr><td></td><td>Total payable by UT of J&K (Agreed Liabilities)</td><td>267.3</td></tr>
</table>
* The Company has not accounted the employee liability for the current financial period which is payable in foreseeable future.<br>
➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF - ₹19.69 crore on submission of further justification/ details.<br>
➢ UT of J&K needs further justification/details/documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.<br>
(Refer note no. 43(A) of Consolidated Ind - AS Financial Statements)<br><br>
Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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.
</td></tr>
</table>

| | |
|---|---|
| | *The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2024 and total revenue of Rs. 35.68 million for the year end.*<br>*Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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 is subject to audit.* |
| **2.** | **Inventory:**<br>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 except for manual records. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and condition of these inventories and to access their valuation.<br>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 31 March 2024 and the related disclosures in the Ind AS financial statements.<br>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.<br>***(Refer Note 9.1 of the Consolidated Ind – AS Financial Statements)*** |
| **3.** | **MSMED Act compliances:**<br>The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of provision for interest on outstanding dues to MSME units has been declared via notes and shall be paid as and when demanded by the vendor.<br>***(Refer Note 35.5 of the Consolidated Ind – AS Financial Statements)*** |
| | |

| **In case of Alliance Air Aviation Limited** | |
|---|---|
| **1.** | In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). The whistleblower complaint revealed a fraudulent payment of ₹4.85 Million to a SAP vendor based on forged documents. The same was confirmed by the internal auditor's verification report dated 11.07.2024. An internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024 as well as to the vigilance department. This indicates deficiencies in the Company's controls over vendor payment authenticity and procurement processes. Additionally, Whistleblower has also complained that Company has paid additional increased remuneration amounting to Rs.0.21 Million to the erstwhile CFO of the Company for a period of 3 months effective from the month of January 2024 to March 2024. This excess remuneration was later on not approved by the Board of Directors. Accordingly, the amount has been shown as recoverable from the CFO in the books of accounts. We have been informed by the Company that an internal committee investigated the matter and submitted their report to the Vigilance department which is further investigating this matter. This indicates a material weakness in the Company's HR controls and approval processes for remuneration. |
| **2.** | Internal control weaknesses regarding the maintenance and recording of the inventory:<br>- AAAL used Air India's MMD module (RAMCO) for inventory management until the disinvestment of Air India. Post disinvestment from Air India Ltd, AAAL migrated to own inventory system Laminar from 18th May 2022 onwards. Inventory balances from RAMCO as of March 31 2022 were transferred to Laminar. Purchases and consumption entries from 2022-23 (up to September 2022) were interfaced to AAAL's SAP system since there was direct interface between RAMCO and SAP.<br>- Inventory was previously managed based on weighted average but switched to FIFO from 2023-24 onwards, subject to approval by competent authority on post-facto basis. Pursuant to a technical glitch in the MMD System |

| | |
|---|---|
| | (LAMINAAR) the system could not correlate ROE (Rate of Exchange) of USD value of the spare, due to which the actual INR figure could not be portrayed in the LAMINAAR system. Adjustments have been made in SAP to reflect accurate INR figures, impacting financial statements by Rs 10.00 million in 2023-24.<br>- AAAL conducted physical verification of inventory as on March 31 2024, using Laminaar system records. Discrepancies in physical stock led to a provision of Rs 170.07 million in the financial statements for FY 2023-24. A shortage of Rs 170.07 million was identified, prompting the formation of a committee to investigate causes. Company has planned to appoint an independent auditor to review the committee's findings, and necessary accounting actions will be taken in FY 2024-25 based on the report after arriving at final conclusion. There was an existing provision for shortage in inventory created during the year 2021-22 which was made subject to assessment of actual loss by the company.<br>There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during the year 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority.<br>- AAAL has plotted all the inventory purchased since inception in Laminaar and after considering the actual ROE, the month wise purchase and consumption has been arrived at, the net effect of which is Rs. 10.00 million pertaining to FY 22-23 which has been accounted as purchase in the FY 23-24. Since the amount is within the threshold limits of materiality as per the accounting policy of the company, hence the previous year accounts have not been restated. During the FY 23-24 there was No interface between SAP and LAMINAAR which is still pending to be implemented. |

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. <u>Emphasis of Matter</u>**

We draw attention to: -

**A) In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated 18th October 2024**.

(i) Note no. 3.1 and 3.2 of the Consolidated Ind AS financial statement regarding the excess amount transferred by the Company over and above the assets/liabilities received amounting to Rs. 6,80,041.32 million during disinvestment which 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/scrapped inventories, any other provision of assets etc.) has not been provided for by the then AIL and hence could not be verified.

(ii) Note no. 3.3 and 23.i.e of the Consolidated Ind AS financial statements regarding levy of Rs. 318.35 million for liquidated damages against the recoverable amount of Rs. 2,657.43 million from DRDO. The same has not been accounted for as a firm liability as the company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft was delivered within the extended date of delivery.

(iii) Note no. 3.4 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 details of expenditure of Rs.2,564.77 million, which is adjusted against the amount

withheld by AIL, with unadjusted amount of Rs. 435.23 million in absence of confirmation from AIL.

(iv) Note no. 3.5 of the Consolidated Ind AS financial statement regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2,689.08 million as on 31.03.2024 (Previous Year Rs. 2,720.85 million), AIL has confirmed Rs. 1,422.61 million (Previous Year Rs. 1,494.70 million) as payable by the company to AIL. Consequently, the differential amount of Rs. 4,111.69 million is under reconciliation.

(v) Note no. 3.9 of the Consolidated Ind AS financial statement regarding claims raised by AIL against medical facilities provided by AIL to retired employees amounting to Rs. 1,813.31 million, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022 which includes Rs. 36.43 million which has not been accepted & accounted for by the Company and Rs. 588.60 million for which bills/supporting documents are yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company.

(vi) Note no. 9.1.a of the Consolidated Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, the last physical verification of such movable assets was carried out by the management during the previous financial year in accordance with the policy. However, in absence of proper records of movable assets included in disposal group held for sale, the existence and reconciliation of movable assets cannot be commented upon.

(vii) Note nos. 9 and 17 of the Consolidated Ind AS financial statement regarding certain 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, the company has surrendered/ in the process of surrendering of certain properties to the allotting authority without any compensation as there is no clause of compensation in the lease agreement on surrendering of property in lieu of unexpired lease period.

(viii) Note 9.6 of the Consolidated Ind AS financial statements on disinvestment plan of the subsidiaries, roadshows were 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.

(ix) Note no. 17 of the Consolidated Ind AS financial statements, the company has classified Rs.911.59 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 out of the said amount, other supporting/confirmation for Rs. 426.90 million are not available on record.

(x) Note 21.1 of the Consolidated Ind AS financial statements regarding rates & taxes of Rs.1,010.33 million towards the provision made in the books of the company in respect of property tax, state levies and stamp duty on certain properties for which the payment is uncertain since the sale of such properties are not yet confirmed. Also, no provision has been created in respect of some of the properties as in the opinion of the management those properties are non-transferable to the company due to ambiguities in title and ownership.

(xi) Note 23.i.d of the Consolidated Ind AS financial statements regarding contingent liability which includes demand raised by BSE amounting to Rs. 8.90 million. The same has been considered as contingent liability instead of firm liability as in the opinion of the management this will be waived off in the light of company’s impending request for waiver to BSE.

(xii) Note 31 of Consolidated Ind AS financial statements regarding non-reconciliation of GST Input Tax Credit as per books of accounts vis-à-vis GST portal which includes certain amount of GST ITC which is not appearing on the GST portal and 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 validated by the GST department.

(xiii) Note 38 of the Consolidated Ind AS financial statements, the 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.

(xiv) Note no. 9 of the Consolidated Ind AS financial statement regarding unreconciled net balance of Rs. 30.57 million as on 31st March 2024 among holding and subsidiaries pending inter-company reconciliation.

**B) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 26th March 2025.**

(i) The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.

(ii) a) As per para 9 of Ind-AS 2 on Inventories

AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only. RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data. Inventory valuation for balance sheet has been taken from SAP Software and there is difference of Rs. 91.57 million in year 2023-24 without opening balance in both the software which cannot be verified. Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is Rs. 683.96 million where there is provision of Rs. 500 million unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices

from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.

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.

(iii) Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value .Physical verification of assets has surplus and unidentified items out of which Rs. 45.92 million has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending.

(iv) MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest.

(v) Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is no proper system of accounts confirmation from Customers, we are unable to verify ageing reports.

(vi) Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways, one by debit to Customer account directly and other to Outstanding recoveries. Unbilled revenue is debited to customer account directly where same should be accounted for in a separate head and on quarterly basis as against existing practice of annual basis, for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs. 538.38 million) not accounted by company properly out of Rs. 1,956.06 million Unbilled revenue was booked out of which Rs. 149.22 million relates to previous year. This system error needs to be strengthened in RAMCO/SAP which missed its billing.

(vii) Company has numerous un-reconciled employees debit and credit balances as in two test cases R KALAICHELVAN of Rs. 1.63 million since 2012 and S D AUGUSTINE DIVAKAR

of Rs. 0.15 million since 2018 recoverable. The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process.

(viii) Company has two oversees establishments in Dubai & Kathmandu, no separate books are maintained and there is no asset and liabilities of the Branches. Only Cash Flows in form of bank statement is maintained by HO for Dubai and there is no separate bank for Kathmandu.

(ix) Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due.

(x) Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.

(xi) Company has not maintained proper records of foreign exchange earned and expended as foreign exchange earned as per Note 37 of Consolidated Ind AS financial statements as details of figure mentioned are not from SAP and worked manually which cannot be verified.

(xii) Company has not complied with Ind AS 36 on Impairment of assets.

(xiii) A) Company does not have proper system of reconciliation of Trade receivable, Deposits received, deposits paid and trade payable hence we are unable to comment for correctness of its due and payable amount.

B) Company does not maintain TDS/TCS receivable details on real time Customer wise of Rs. 660.99 million and there is no year wise reconciliation in absence of payment details. More over year wise breakup of excess tax paid of Rs. 9.22 million is also not available. The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. There are advance TDS payments for salary & others which remain unconsumed by Rs. 5.12 million for so many years. It implies that there is no control or procedure for regular deposit of TDS and set off with regard to liability of TDS.

C) Good & Service Tax (GST) has Opening Negative Liability of Rs. 57.03 million which has still closing balance of Rs. 82.63 million besides GST accounts net debit balances of Rs. 342.78 million which is in the process of reconciliation with the returns filed and

statutory records maintained by the company. Opening Negative Liability and Other Debit balances are quite old and no year wise breakup is available.

(xiv) As per the policy of the company, for the physical verification of PPE, the Company has appointed:

A) a professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phased manner. The firm has submitted its report dated 11th July, 2024 showing unidentified not found 25 items having WDV of Rs. 1.12 million as per Report and found 6857 excess items.

B) Professional firm at Kolkata whose report dated 22nd July 2024 reported as not found 82, excess found 1059.

C) Thiruvananthapuram report dated 15th July, 2024 not found 11, excess found 1978. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority.

Further, as per report submitted, 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.

(xv) Prior period expenses NIL and Prior period income related to previous year 2022-23 to the tune of Rs.149.22 million has been booked in the year 2023-24 (P.Y. Prior period income Rs. 175.66 million & Prior period expenses Rs. 517.49 million). The book of 2022-2023 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 16th January 2025**.

(i) Note No. 44 to the Consolidated Ind AS financial statements, wherein the Company addresses its use of the going concern basis for the preparation of its financial statements. The Company has incurred net loss of Rs. 5,665.73 million in the previous financial year and has continued incurring losses amounting to Rs. 6,210.20 million in the current financial year ended March 31, 2024, and that the net worth of the company being fully eroded as of the year-end date, thereby giving rise to significant uncertainty regarding the Company's ability to continue as a going concern.

However, the Company has received financial support from its holding company, AI Assets Holding Limited, in the form of an equity infusion of Rs. 6,000 million during the current financial year. This assistance, combined with other factors detailed in the note, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial

statements have been prepared on the going concern basis as determined by management.

(ii) Note No. 28(a) to the Consolidated Ind AS financial statements wherein the company has stated that "A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises were on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 million. The necessary accounting for the same will be affected in FY 2024-25."

**D) In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor's Report dated 28th February, 2025**.

(i) **Amount Receivables:**

Note No. 31 to the Consolidated Ind AS financial statements regarding the Company has sent letters/e-mails for confirmation of balances, whereas responses are received by the management. However, the whole process of obtaining confirmations need to be further strengthened. 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 item 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.
- Agreed Receivable from UT of J&K amounting to Rs. 267.3 million was not received during the year. However, few transactions amounting to Rs. 14.6 million towards gratuity payment and receipts from debtors amounting to Rs. 0.7 million and Bank interest amounting to Rs. 0.08 million have been incurred by the company on behalf of CLVH during the year.
- Regular Customers are having debit balances 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 to 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 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 No. 31 to the Consolidated Ind AS financial statements regarding the company is 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.
- 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 standalone financial statements.

(iii) **Untraceable Employee Advance:**

- Amount receivable from Staff amounting to Rs. 0.36 million is outstanding from more than 5 years. The management is unable to identify the recoverable dues and persons for recovery of the same. 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.

(iv) **Loss/shortage of Property, Plant & Equipment:**

- Records maintained for Property Plant Equipment (Fixed Assets) are not properly updated as per their Item/Quantity wise. Physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2023-24). Further, the quantity shown in the physical verification report are not matching with the quantities shown under the valuation report. Due to non-tagging of Fixed Assets and no proper item wise details reconciliations with the Books of Accounts

or Fixed Assets Records would be difficult to identify (if any). Hence impact of loss/ shortage/ scrap of assets remains indeterminable.

(v) **Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL:**

- Note No. 23.i.(i) to the Consolidated Ind AS financial statements regarding 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 No. 32 to the Consolidated Ind AS financial statements regarding the earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2024 is Rs. 146.36 million. The Management had announced an interim relief of Rs. 5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 70.74 million as on 31.03.2024. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized.

(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 by us in our previous audit report dated 28th December, 2023 to the standalone financial statements for financial year 2022-2023.

(ix) **Event Occurred after Balance Sheet Date:**

- A court order was passed on 4th Nov 2024 against the company in a case N. S Associates Private Limited Vs Hotel Corporation of India (shown as Contingent liability), for which the liability was determined and therefore, a total provision for Rs. 19.8 million upto 05.08.2024 [award amount (Rs. 8.84 million) + interest amount @ 12% per annum from 01.10.2014 to 05.08.2024 (Rs. 10.42 million) + cost (Rs. 0.5 million)] was made in the books of accounts.
- Funding: Ministry of Civil Aviation via its order no. AV.17046/60/2023-AI dated 15th July 2024 had advanced an amount of Rs. 571.4 million from contingency fund of India to AIAHL for onward investment to its subsidiary HCI towards payment of statutory dues & overdue vendor payments and wages arrears to employee (retired/ Serving).

(x) **Some Inconsistencies in Accounting Records:**

- During our review of the accounting records, we noted some discrepancies, incomplete entries, and areas requiring reconciliations/clarifications. These include instances of incorrect accounting entries, unclear documentation, and transactions recorded in incorrect periods. Some entries appear to be misallocated, and certain supporting documentation is missing, which could affect the accuracy and transparency of the financial records. GST return data was maintained manually and the same is not reconciled with the Books of Accounts. The company is in the process of Reconciliation and filing of the GST Annual returns.

  The misalignment of entries across periods presents challenges to maintaining the consistency of the financial statements. Addressing these matters, would resolve ambiguities which are important to ensure the reliability of our financial reporting. We

recommend timely attention to these matters to enhance the integrity of the accounting records.

(xi) **Internal Control System:**

Note No. 33 to the Consolidated Ind AS financial statements regarding:

- 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.
- 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 by us in our previous audit report dated 28th December, 2023 to the standalone financial statements for financial year 2022-2023.

(xii) **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.

(xiii) **Going Concern:**

- Note No. 44 to the Consolidated Ind AS financial statements regarding the Company has incurred a net loss of Rs. 638.86 million during the year ended March 31, 2024 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 670.63 million and it has accumulated losses of Rs. 8,839.09 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 03rd January, 2025.**

(i) Note 33 to the consolidated Ind AS financial statements regarding M/s Uniq Data Solutions Private Limited (UDSPL), implementer of ERP accounting software (Odoo) has unilaterally suspended the ERP accounting software on 15th June, 2024 against which Company has filed the suit against M/s UDSPL (matter is under sub judice). Due to unavailability of ERP accounting software, Company has prepared its financials from the accounting data extracted from the said ERP on June 8, 2024 after passing closing entries.

(ii) The Company has inventories consisting of stores and spares gross amounting to Rs. 22.50 million (Provision of Rs. 2.94 million has been made for obsolescence of such inventories).

These inventories were transferred from Air India Limited and AI 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.

(iii) Note 31 to the consolidated Ind AS financial statements regarding amounts receivable and payable to various parties are subject to confirmation and reconciliation.

(iv) The Company has corrected prior period errors by restating the affected financial statements line items for the prior year.

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, 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 | **In respect of Holding Company,**<br>**Transactions relating to disinvestment of Air India Limited**<br>***(refer note no. 3 to the consolidated Ind AS financial statements)***<br>We consider this matter to be of most significance in our audit due to the materiality of the balances in the standalone Ind AS financial statements: - | |
| | 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 | We have relied on the records relating to approvals by the Government of India through the various letters referred in the notes and restated |

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|---|---|---|
| | the year 2021-22 (excluding Grant of Rs.1,46,296.70 million), against this assets/liabilities/monetization proceeds for Rs.1,51,908.26 million were transferred by the then AIL till 31st March 2024. 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 2024. 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. | 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 the 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 on the self-certified documents provided by AIL.<br>We have relied on the information/ documents provided by the management as received from AIL. We have not been provided with any Utilization certificate of funds utilized by AIL during previous years for the purpose these were intended to by either statutory auditors of AIL or from any independent agency. |
| **2.** | **Independent Director under Companies Act, 2013**<br>**(refer Note no. 39.a to the *consolidated Ind AS financial statements*)**<br>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 - | |
| | 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 |

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| | | 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** | **Utilization of Grants**<br>**(refer Note 4.2 to the *consolidated Ind AS financial statements*)**<br>We consider this matter to be of most significance in our audit due to the materiality of the balances in the Standalone Ind AS financial statements - | |
| | 1. Grant in aid received from Govt. of India of Rs.6,500 million towards servicing of interest for the two NCDs series of Rs.1,49,850 million issued by the company. | Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants.<br>Note no. 1.A of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as “SPV” for transfer of identified debts of AIL to “SPV” duly approved by the Government of India and Board of Directors of both the companies.<br>The grant received from Government is being accounted as “other income” to the extent of the equivalent amount expensed off during the year. The company has received Rs.6,500 million as Budgetary support / grant from the Government during the year which is fully utilized hence, accounted as “other income”. |

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| | | We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR. |
| | 2. Grant in aid received from Government of India of Rs.510 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.<br>In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 510 million to be utilized for the purpose of medical expenses of such retired and retiring employees.<br>We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR. |
| **4** | 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) - | |
| | *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* | Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and the then AIL for all the transactions made between AIL and the Company. |

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| | *provisions as contained in this agreement ) or any agreements executed pursuant to this agreement)* | |
| | **In respect of Subsidiary Company**<br>**Hotel Corporation of India Limited** | |
| **5.** | **Going Concern** | |
| | The company is in loss, net worth is fully eroded, going concern needs to be examined. | As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support from 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 31.03.2025 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 01.05.2025 which ensures that company will be able to run its business as going concern in near future.<br>***(Refer note no. 44 to the consolidated Ind AS financial statements).***<br>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 |

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| | | Certification in order to upgrade the present properties.<br>Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level.<br>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. |
| **6.** | **Contingent Liabilities:**<br>**(refer Note 23.i to the *consolidated Ind AS financial statements*)**<br>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.<br>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. | 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:<br>- understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases;<br>- discussing with management any material developments and latest status of legal matters<br>- 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 |

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| | | supporting the disclosure of contingent liabilities;<br>- examining management's judgements and assessments whether provisions are required;<br>- considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote<br>- reviewing the adequacy and completeness of disclosures<br>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable |
| **7.** | **Uncertain Taxation Matters**<br>The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes. | We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.<br>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. |
| **8.** | **Other Matter – Goods and Service Tax** | In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records. |

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| | | 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.<br>In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records. |
| | **In respect of Subsidiary Company:**<br>**AI Engineering Services Limited** | |
| **9.** | AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked. Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only. RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken at a value from SAP Software and there is difference of Rs. 91.56 million in year 2023-24 without opening balance in | |

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| | both the software which cannot be verified. Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is Rs. 683.96 million where there is provision of Rs. 500.00 million unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing/ MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement. | |

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| **10.** | Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value .Physical verification of assets has surplus and unidentified items out of which Rs. 45.92 million has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending. | |
| **11.** | MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest. | |
| **12.** | Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is no proper system of accounts confirmation from Customers, we are unable to verify ageing reports. | |

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| **13.** | Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways, one by debit to Customer account directly and other to Outstanding recoveries. Unbilled revenue is debited to customer account directly where same should be accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs. 538.38 million) not accounted by company properly out of Rs. 1,956.06 million Unbilled revenue was booked out of which Rs. 149.22 million relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing. | |
| **14.** | Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due. | |

## 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, 2024, 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) | 29,345.63 | (36,838.81) | 9,625.53 | 78.33 |
| AI Engineering Services Limited (AIESL) | 26,759.46 | (5,393.71) | 21,803.53 | 1,815.43 |
| Hotel Corporation of India (HCI) | 801.65 | (7,463.08) | 632.17 | 51.51 |
| AI Airport Services Ltd (AIASL) | 11,396.06 | 4,601.64 | 8,759.78 | (448.62) |

**(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 in 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. <u>Information other than the Consolidated Ind – AS Financial Statements and auditors' report thereon</u>**

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 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. <u>Report on Other Legal and Regulatory Requirements</u>**

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(xxi) 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, 2024 on the consolidated financial position of the Group in the note number 23 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. Based on our examination, which included test checks, the holding company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility. However, in the absence of Service Organisation Controls Report, we are unable to comment on whether audit trail feature of the said software was enabled and operated throughout the period for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.

As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

Further, in respect of the subsidiary companies, the status of audit trail feature in the accounting software is as follows:

**a. In respect of Alliance Air Aviation Limited**

The company uses software called Laminaar (MMD Software) in which data is extracted and uploaded in the SAP Accounting software for recording the consumption in books of accounts. The same is being done manually and that there is no direct interface between

these two softwares. Hence the audit trail is limited to the extent the data is uploaded in SAP Software.

**b. In respect of AI Engineering Services Limited**

The Company has SAP for maintenance of accounts and RAMCO for billing, material management and Inventory. Material movement data is not maintained properly in RAMCO Software which has chances of leakage/pilferage of records and basic reports of software are also not correct and not readily available on real time basis. Company has to take all reports from Consultant and there is no in-house system to take & cross checks reports. Integration of data of both software also needs review. Most of the entries passed do not contain supporting attached with it. The system needs to be strengthened regarding the same.

Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31st March 2024 in back date during the audit period.

**c. In respect of Hotel Corporation of India Limited**

Based on the examination which included test checks, the Company has used an accounting software (Tally Prime) for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that audit trail was not enabled at the database level to log any direct changes for the accounting software used for maintaining the books of account. For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.

**d. In respect of AI Airport Services Limited**

Based on the examination, the company, w.e.f April 1, 2023, has used an accounting ERP software "Odoo" developed by Ms. Uniq data Solutions Private Limited (who was also responsible for handling the back-end IT support for the said ERP software), for maintaining its books of account. As represented to us by the management, audit trail feature of the said software was enabled and operated throughout the year, however due to the fact that the said ERP software was suspended as disclosed in Note no. 33 of the financial statements and in absence of audit trail control report we are unable to verify and comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

**For Kumar Mittal & Co.**
**Chartered Accountants**
ICAI Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN: 25094292BMKTGV2704

Place: New Delhi
Date : 27.06.2025

## ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in paragraph 9.1 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, 2024**

**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)<br>(i) (b)<br>(i) (c)<br>(iii) (b)<br>(iii) (c)<br>(iv)<br>(xiv) (a)<br>(xx) |
| 2. | Alliance Air Aviation Limited | U51101DL1983GOI016518 | Subsidiary Company | (ii) (b)<br>(vii) (a)<br>(vii) (b)<br>(ix) (a)<br>(xi) (a)<br>(xi) (c) |

| | | | | |
|---|---|---|---|---|
| | | | | (xiv) (a) |
| 3. | AI Airport Services Limited | U63090DL2003PLC120790 | Subsidiary Company | (i) (b)<br>(vii) (a)<br>(vii) (b) |
| 4. | AI Engineering Services Limited | U74210DL2004GOI125114 | Subsidiary Company | (i) (a) (i)<br>(i) (c)<br>(ii) (a)<br>(vii) (a)<br>(vii) (b)<br>(viii)<br>(xiv) (a)<br>(xiv) (b) |
| 5. | Hotel Corporation of India Limited | U55101DL1971GOI394499 | Subsidiary Company | (i) (a) (A)<br>(i) (b)<br>(i) (c)<br>(ii) (a)<br>(vii) (a)<br>(vii) (b)<br>(xiii)<br>(xiv) (b) |

**For Kumar Mittal & Co.**
**Chartered Accountants**
ICAI Firm Registration No. 010500N

**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN: 25094292BMKTGV2704
Place: New Delhi
Date : 27.06.2025

## ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in Paragraph 9.2(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, 2024.**

**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, 2024 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. <u>Meaning of Internal Financial Controls Over Financial Reporting with reference to Consolidated Ind – AS Financial Statements</u>**

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 Service Limited) (Subsidiary) – Vide their Auditor's Report dated 26th March 2025 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, 2024.

i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries. Accounting books in SAP are not freeze as some entries are passed even after the signing of Balance sheet. Internal control for freeze of one year financial statement and passing of the entry rights are with one person which needs check to control by senior position person.

(ii) There should be maker checker process to have better control process. One single entry of Rs. 5,992.71 million (SAP Document No 8103013661) passed and then corrected by reversal which should have been check by the approval authority .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 28th February, 2025 has expressed qualified opinion**

According to the information and explanation given to us, the Company has undergone review of internal financials Controls over financial reporting. Based on the report received the company has adequate scope for improvement to strengthen its internal control 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 financial controls over financial reporting and whether such internal financial controls were fully operating effectively as at March 31, 2024.

**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, 2024 with regards to :-

Non-compliance of MSMED Act in respect of Interest provision; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances of Long outstanding ; Books of Accounts of past financial year are not freeze/locked; Manual maintenance of Inventory records and valuation thereof; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units in respect of tagging of assets and non-reconciliation between physical reports and Books of Account quantity wise; 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".

**B. <u>In respect of AI Airport Services Limited (Subsidiary)- vide their Auditor's Report Dated 03rd January, 2025 has expressed qualified opinion</u>**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

(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 Audit of Internal Financial Controls over Financial Reporting issued by ICAI for critical processes are not in place.

(ii) Authorization controls such as maker/checker controls in accounting and billing 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 property, plant & equipment 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) Wise Cargo software to account cargo handling and APEDA (Agricultural and Processed Food Products Export Development Authority) and ERP Accounting Software are not integrated.

(e) MBS software to raise invoices for IATA and ERP Accounting Software are not integrated.

(f) No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipments & Others)

(g) Records of procurement of material by MMD are not fully automated and maintained manually.

(h) Records of Ramp Assistance Form (RA Forms) issued are not fully automated and

maintained manually.

(i) Due to suspension of ERP Accounting Software, the depreciation is calculated in excel.

(j) Non restoration of the suspended ERP accounting software led to IT controls not being tested.

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.

**C. <u>In respect of Alliance Air Aviation Limited (Subsidiary)- vide their Auditor's Report Dated 16th January, 2025 has expressed qualified opinion</u>**

According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, a material weakness has been identified which indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year:

a) The audit of internal financial controls over financial reporting and review of the whistleblowers complaint have identified material weaknesses in the Company's procure-to-pay and HR processes. A whistleblower complaint revealed that a fraudulent payment was made to an SAP vendor based on forged documents, as confirmed by the internal auditor's verification report dated 11.07.2024. The internal committee formed by Company to investigate the matter has submitted its report to CEO and the vigilance department. Also, higher remuneration amounting to ₹ 0.21 Million was paid to the CFO for three months (January to March 2024) without Board approval, with the excess amount recorded as recoverable, pending investigation by the vigilance department. Furthermore, the compliant also revealed that contracts were awarded by the CFO to certain parties on a nomination basis, deviating from Central Vigilance Commission guidelines. These issues highlight significant control deficiencies in the Company's procurement and remuneration processes.

b) The audit of the Company's internal financial controls over financial reporting identified material weaknesses in inventory management processes, including the lack of integration

between the LAMINAAR inventory system and the SAP accounting system, which necessitates manual data uploads, increasing the risk of errors. A technical glitch in LAMINAAR caused incomplete recording of inventory transactions in the prior year, with corrections made in the current year without comprehensive reconciliation. Additionally, the transition from the previous RAMCO system to LAMINAAR in FY 2022-23 was inadequately monitored, with delays in physical verification and reconciliation of inventory. Further, significant inventory shortages amounting to ₹46.99 million from prior periods and an additional ₹170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending. These weaknesses reflect deficiencies in the Company's controls over inventory accuracy and reconciliation processes.

The Company's internal financial control with regard to the whistleblower complaint and inventories as fully explained in the 'Basis for qualified opinion' of our main report, were not operating effectively, which could result in the Company not providing for adjustments, if any, that may be required to be made and its consequential impact on the financial statements.

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, Alliance Air Aviation 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 2024, 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, except as follows in case of Holding company:

- The company does not have documented policies and procedures in place for certain processes and documentation.

- The company does not have a formalized Delegation of Authority Matrix for certain transactions.

- Testing of Internal Financial Controls over Financial Reporting has not been carried out by any independent external expert after the financial year 2021-22.

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 2024 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.

**For Kumar Mittal & Co.**
**Chartered Accountants**
**ICAI Firm Registration No. 010500N**

**Sd/-**
**(Rohtash Mohan)**
Partner
M. No. 094292
UDIN: 25094292BMKTGV2704

Place: New Delhi
Date : 27.06.2025

# MANAGEMENT REPLIES TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF AI ASSETS HOLDING LTD. GROUP COMPANIES FOR THE FINANCIAL YEAR 2023-24

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td colspan="3">REPORT ON THE AUDIT OF CONSOLIDATED IND AS FINANCIAL STATEMENTS</td></tr>
<tr><td><u>Para 2.</u></td><td colspan="2"><u>Basis for Qualified Opinion</u></td></tr>
<tr><td colspan="3"><u>In case of Hotel Corporation of India Limited</u></td></tr>
<tr><td>1.</td><td>Implementation of AMRD order on a resolution of Centaur Lake View Hotel (CLVH):<br>• 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.<br>• 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.<br>• 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).<br>• The AMRD resolution plan, dated July 17, 2023, resulted in the transfer of CLVH ownership to the UT of J&K,<br>- UT of J&K took over 145 employees of HCIL working at CLVH<br>- The UT of J&K agreed to assume liabilities as follows:
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Rs. In million</th></tr>
<tr><td>1.</td><td>Valuation of CLVH at Net Block as of 31st March, 2022</td><td>60.7</td></tr>
</table>
</td><td>As per the AMRD resolution plan communicated on July 17, 2023, the CLVH hotel stands transferred to the UT of J&K.<br>UT of J&K also absorbed 145 employees of HCIL working at CLVH and additional 6 employees.<br>The amount receivable from the J&K Government of Rs 6.07 Crores towards the net block has been duly accounted for.<br><br>Employee liability for the Govt. J&K (Rs. 17.58 Cr.) is not the liability of HCI. It is in fact the funds receivable from the Govt. of UT of J&K to meet the liability in respect of Post retrial obligations of the J&K Government w.e.f. 01.03.2023 towards the HCI employees absorbed.</td></tr>
</table>

| Sl. No | Audit Observations | Management Comments |
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| | | |
|---|---|---|
| 2. | Employee liability for the Govt. of J&K from 1st 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 - ₹19.69 crore 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 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.

***(Refer note no. 43(A) of Consolidated Ind - AS Financial Statements)***

*Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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.*

*The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2024 and total revenue of Rs. 35.68 million for the year end.*

*Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 as reported in the financial Statement obtained from the Books of Accounts made available by the Management without any*

Accordingly, as there is no liability on behalf of HCI therefore the same has not been made in the books of accounts.

HCI has already clarified and submitted the details for cost sharing expenses along with justification as required under AMRD to the UT of J&K

In respect of the Provision for PL / Sick leave and leave encashment of CLVH, it is to submit that the Leave records have been transferred to the respective 3 companies of UT of J&K where the employees have been absorbed, accordingly the provision has not been made at HCI end.

Post the seizure of the CLVH on 14.06.2022 by the Govt. of the UT of J&K, all documents /records /details have been shifted to New Delhi. All the records are available at Centaur Hotel New Delhi and submitted for Audit.

| Sl. No | Audit Observations | Management Comments |
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| | *supporting documents/details and hence the relevant financial year figures has only been reviewed and it is subject to audit.* | |
| **2.** | **Inventory:**<br>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 except for manual records. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and condition of these inventories and to access their valuation.<br>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 31 March 2024 and the related disclosures in the Ind AS financial statements.<br>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.<br>***(Refer Note 9.1 of the Consolidated Ind – AS Financial Statements)*** | The Company has initiated steps to integrate the inventory in Tally account system. For the purpose, PMS software which has built in integrated Inventory Management system has been procured and installed. The implementation of the same is under process and will be completed for the year 2024-25.<br><br>The valuation of Inventory of HCI is in line with the practice in the Hospitality Industry and more specifically the Hotel Industry. The major inventory pertains to consumables and F&B items and hence the closing stock based on Physical Verification at the end of the year are valued at 50% of the cost, as it is not possible to ascertain the net realizable value for such items. This has been the consistent policy of the company which is continued over the years. |
| **3.** | **MSMED Act compliances:**<br>The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of provision for interest on outstanding dues to MSME units has been declared via notes and shall be paid as and when demanded by the vendor.<br>***(Refer Note 35.5 of the Consolidated Ind – AS Financial Statements)*** | Efforts are generally made to pay the outstanding of the MSMEs within the stipulated time, subject to availability of funds and also as per the terms and conditions of the agreements with such MSME vendors.<br><br>No claims of Interest have been raised by any party. Further the implication of interest on the delayed payments for the outstanding amounts payable to MSME vendors are disclosed under the notes and shall be paid as and when demanded by the Vendor and shall be accounted accordingly. |
| **<u>In case of Alliance Air Aviation Limited</u>** | | |
| **1.** | In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). The whistleblower | |

| Sl. No | Audit Observations | Management Comments |
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| | complaint revealed a fraudulent payment of ₹4.85 Million to a SAP vendor based on forged documents. The same was confirmed by the internal auditor's verification report dated 11.07.2024. An internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024 as well as to the vigilance department. This indicates deficiencies in the Company's controls over vendor payment authenticity and procurement processes. Additionally, Whistleblower has also complained that Company has paid additional increased remuneration amounting to Rs.0.21 Million to the erstwhile CFO of the Company for a period of 3 months effective from the month of January 2024 to March 2024. This excess remuneration was later on not approved by the Board of Directors. Accordingly, the amount has been shown as recoverable from the CFO in the books of accounts. We have been informed by the Company that an internal committee investigated the matter and submitted their report to the Vigilance department which is further investigating this matter. This indicates a material weakness in the Company's HR controls and approval processes for remuneration. | Suitable disclosure has been made in Note no.33(b) of Standalone Financial Statement of Alliance Air Aviation Ltd. |
| **2.** | Internal control weaknesses regarding the maintenance and recording of the inventory:<br>AAAL used Air India's MMD module (RAMCO) for inventory management until the disinvestment of Air India. Post disinvestment from Air India Ltd, AAAL migrated to own inventory system Laminar from 18th May 2022 onwards. Inventory balances from RAMCO as of March 31 2022 were transferred to Laminar. Purchases and consumption entries from 2022-23 (up to September 2022) were interfaced to AAAL's SAP system since there was direct interface between RAMCO and SAP.<br>Inventory was previously managed based on weighted average but switched to FIFO from | Suitable disclosure has been made in Note no.9.1<br><br>Suitable disclosure has been made in Note no 9.1 |

| Sl. No | Audit Observations | Management Comments |
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| | 2023-24 onwards, subject to approval by competent authority on post-facto basis. Pursuant to a technical glitch in the MMD System (LAMINAAR) the system could not correlate ROE (Rate of Exchange) of USD value of the spare, due to which the actual INR figure could not be portrayed in the LAMINAAR system. Adjustments have been made in SAP to reflect accurate INR figures, impacting financial statements by Rs 10.00 million in 2023-24. | |
| | AAAL conducted physical verification of inventory as on March 31 2024, using Laminaar system records. Discrepancies in physical stock led to a provision of Rs 170.07 million in the financial statements for FY 2023-24. A shortage of Rs 170.07 million was identified, prompting the formation of a committee to investigate causes. Company has planned to appoint an independent auditor to review the committee's findings, and necessary accounting actions will be taken in FY 2024-25 based on the report after arriving at final conclusion. There was an existing provision for shortage in inventory created during the year 2021-22 which was made subject to assessment of actual loss by the company. | Suitable disclosure has been made in Note no.9.1 |
| | There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during the year 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. | A Committee has been formed and the inventory verification report will be submitted to Auditors in FY 2024-25. |
| | AAAL has plotted all the inventory purchased since inception in Laminaar and after considering the actual ROE, the month wise purchase and consumption has been arrived at, the net effect of which is Rs. 10.00 million pertaining to FY 22-23 which has been accounted as purchase in the FY 23-24. Since the amount is within the threshold limits of materiality as per the accounting policy of the company, hence the previous year accounts have not been restated. | This is a statement of fact. |

| Sl. No | Audit Observations | Management Comments |
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| | During the FY 23-24 there was No interface between SAP and LAMINAAR which is still pending to be implemented. | |
| | The impact of above qualifications on Consolidated Ind - AS financial statements, if any, is not ascertainable. | This is a statement of fact. |
| | 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.<br>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.<br>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. | |
| **Para 3.** | **Emphasis of Matter** | |
| **A.** | **In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated 18th October 2024** | |
| **i** | Note no. 3.1 and 3.2 of the Consolidated Ind AS financial statement regarding the excess amount transferred by the Company over and above the assets/liabilities received amounting to Rs. 6,80,041.33 million during disinvestment which 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/scrapped inventories, any other provision of assets etc.) has not been | 1. The Company is a SPV formed for the specific purpose of warehousing Assets and Liabilities of Air India.<br>2. The Company does not have any commercial operations and has been formed as a Special Purpose Vehicle (SPV) for the purposes of handling/implementing/accounting the disinvestment transactions arising from the GOI approved disinvestment of Air India Ltd.<br>3. Based on GoI various approvals, |

| Sl. No | Audit Observations | Management Comments |
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| | provided for by the then AIL and hence could not be verified | the Company, from the Equity proceeds received by AIAHL from GOI in FY 2021-22 and the GOI assured NCDs proceeds had transferred to Air India in FY 2019-20 and in 2021-22 these funds aggregating to<br>Rs 8,31,949.58 million to the then Air India for settling various Identified Air India liabilities towards AI disinvestment completion.<br>4. As the afore stated funds support provided by AIAHL, AI transferred in FY 2021-22 to AIAHL in lieu thereof Assets including certain identified immovable properties (at their book values) and liabilities amounting to Rs. 1,54,431.33 million as per the GoI decisions for which a Restated framework agreement dated 5th Jan 2022 was executed between AIL and the Company in FY 2021-22.<br>5. The Company has shown these assets in the Financial Statements as “Assets held for Sale” as per IND AS 105.<br>6. The amounts paid to the then AIL towards disinvestment transactions over and above the assets/liabilities transferred to the company has thus been shown as ‘Other Equity’ as all the identified transactions pertaining to disinvestment for AI’s debt repayment and liabilities settlements as advised by Air India were disclosed and adjusted from this account routed through the company, funded from the GOI equity/GOI assured debts as NCDs.<br>7. These transactions adjusted against Equity are unique and non-recurring and are specific to the disinvestment transactions of AI.<br>8. As disclosed at Note 3 of the |

| Sl. No | Audit Observations | Management Comments |
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| | | Notes to the accounts, the amounts withled by AI from the equity funds provided by the Govt. are included as the Recoverable from AIL and disclosed in detail in the said Note 3 pending settlement.<br>9. In view of the foregoing, the excess amount is not shown as a Loss in the Profit and Loss account as these assets/ subsidiaries balances (disclosed under disposal group held for sale) transferred by AIL upon its disinvestment will be monetized/disinvested in due course.<br>10. Accordingly, the total amount representing the funds transferred to the then AI over and above assets/liabilities Rs.680,041.32 million as on 31.03.2024 has been shown under “Other Equity”. |
| **ii** | Note no. 3.3 and 23.i.e of the Consolidated Ind AS financial statements regarding levy of Rs. 318.35 million for liquidated damages against the recoverable amount of Rs. 2,657.43 million from DRDO. The same has not been accounted for as a firm liability as the company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft was delivered within the extended date of delivery | The company is pursuing with AIESL, who were associated by the then AIL in the delivery and technical acceptance of the aircraft to DRDO, for pursuing with DRDO and arrange early settlement in the matter of deletion/waiver of liquidated damages claimed by DRDO as the aircraft were delivered within the extended delivery date i.e 15th June 2023. In view of the documentary evidence of delivery acceptance letter on record, the claim for DRDO for alleged delay in delivery of aircraft has not been provided, however, detailed disclosures in this regard is given in the Notes no 23 of the Annual Accounts. |
| **iii** | Note no. 3.4 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 details of expenditure of Rs.2,564.77 million, which is adjusted against the amount withheld by AIL, with unadjusted amount of Rs. 435.23 million in absence of confirmation from AIL | Based on the detailed information received from AIESL on the maintenance expenses incurred on the aircraft that were not airworthy as on the date of disinvestment of AIL, the Company has adjusted Rs. 2,564.78 million against Rs. 3,000 million funds retained by the then AIL, and as such the balance amount is |

| Sl. No | Audit Observations | Management Comments |
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| | | shown as recoverable from AI which had been advised to AIL.<br>Air India has not reverted with the documentary evidence in support of their having incurred prior to the disinvestment date towards the said aircraft maintenance.<br>If any further adjustment is required, accounting impact by adjusting the Other Equity shall be given in the year the transaction is settled. |
| **iv** | Note no. 3.5 of the Consolidated Ind AS financial statement regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2,689.08 million as on 31.03.2024 (Previous Year Rs. 2,720.85 million), AIL has confirmed Rs. 1,422.61 million (Previous Year Rs. 1,494.70 million) as payable by the company to AIL. Consequently, the differential amount of Rs. 4,111.69 million is under reconciliation | The Recoverable (net) amount shown in the books of the company as disclosed in Note 3.5 represents mainly those disinvestment transactions for which funds retained by AIL which have remained unsettled to be adjusted from the Other Equity for want of credit/justification in support/ documents/details required from AIL :-<br>i. IATA funds receivable (Garnishment-Rs. 1322.93 mill.<br>ii. DRDO recoverable - Rs 481.71 million<br>iii. PSS (AMADEUS) - Rs. 309.61 million<br>iv. Aircraft Maintenance -Unspent - Rs 435.23 million<br>v. Revenue share of AIASL -Rs. 1115.99 million<br>Additionally, refer to disclosure at Note no.3.8 in terms of which the interest paid and claimed by AI for the period prior to 1st Oct 2018 (the cutover date for disinvestment transactions taken over by AIAHL-SPV as decided by GOI) also required to be settled with AI.<br>Besides, these there is Rent Recoverable from AI for areas occupied and used by AI post disinvestment period.<br>Against the above recoverable, mainly there is payable claim (net) of AI for medical expenditure incurred by AIL for AI retirees for Rs.1,305.04 crores for which detailed supporting documents are awaited for settlement. |

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| | | Air India is being pursued for discussing and settling each of the transactions, the effect of the outcome and reconciliation shall be effected during the FY 2024-25. |
| **V** | Note no. 3.9 of the Consolidated Ind AS financial statement regarding claims raised by AIL against medical facilities provided by AIL to retired employees amounting to Rs. 1,813.31 million, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022 which includes Rs. 36.43 million which has not been accepted & accounted for by the Company and Rs. 588.60 million for which bills/supporting documents are yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company | Furthermore, AIL has raised claims of ₹1,813.31 million (Seven Invoices without supporting papers) against medical facilities provided by AIL to retired employees, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022. The above claims include ₹ 36.43 million which has not been accepted & accounted for by the Company as these claims pertain prior to the above stated period.<br>Further, the above claim also include ₹ 588.60 million for which bills/supporting documents is yet to be provided by AIL to the Company.<br>However, the liability for the said amounts has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company.<br>Out of the remaining claim of ₹ 1,188.28 million, claims for amounting to ₹ 560.38 million have been paid to AIL and remaining are in the process of verification and on completion of the said process accounting impact of excess/short found, if any, will be adjusted |
| **vi** | Note no. 9.1.a of the Consolidated Ind AS financial statement regarding assets received from the then AIL has been classified as “Assets included in disposal group held for sale”. However, these assets have been accounted for at carrying value instead of at lower of carrying cost or fair value less cost to sell. Further, the last physical verification of such movable assets was carried out by the management during the previous financial year in accordance with the policy. However, in absence of proper records of movable assets included in disposal group held for sale, the existence | The assets have been transferred to the company by the then AIL at their respective carrying (Book) values.<br>These have been accounted in the books of the Company at these AIL advised values.<br>It was also decided in the meeting held on 01.12.2021 in Min. of Civil Aviation, GOI, that since the properties are being transferred from one Government Organization to another, hence transfer be effected on “Book Value basis” and there does not arise any need of valuation of the property |

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| | and reconciliation of movable assets cannot be commented upon | at this stage. Accordingly, these assets are carried at their book values. The effect of the last physical verification of the movable assets shall be confirmed and recorded in the books of accounts in the year of the next biennial verification. |
| **vii** | Note nos. 9 and 17 of the Consolidated Ind AS financial statement regarding certain 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, the company has surrendered/ in the process of surrendering of certain properties to the allotting authority without any compensation as there is no clause of compensation in the lease agreement on surrendering of property in lieu of unexpired lease period | The company is vigorously pursuing with the respective State governments /authorities to monetize these assets.<br>There are certain properties where the lease period has expired. The company has taken up the matter with the State Governments/Local Allotting Authorities to renew the lease/surrender of the properties.<br>As per certain lease deed, no compensation is payable by the Allotting authority and therefore the Allotting Authorities have expressed inability to offer any compensation.<br>However, the company is corresponding with the State Governments/ Authorities to favorably consider the Company's request for compensation. |
| **viii** | Note 9.6 of the Consolidated Ind AS financial statements on disinvestment plan of the subsidiaries, roadshows were 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 | This is a statement of fact |
| **ix** | Note no. 17 of the Consolidated Ind AS financial statements, the company has classified Rs.911.59 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 out of the said amount, other supporting/confirmation for Rs. 426.90 million are not available on record | The liabilities for these transactions recorded in FY 2021-22 in the books of accounts on the basis of Debit/Credit notes provided by the then AIL.<br>Further details/supporting documents against these liabilities sought from Air India, upon receipt of which appropriate updated action, if any, shall be taken. |
| **x** | Note 21.1 of the Consolidated Ind AS financial statements regarding rates & taxes of Rs.1,010.33 million towards the provision made in the books of the company in respect | The Immovable properties have been accounted by the company in the books based on AI book values transfer pending title transfer in favour |

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| | of property tax, state levies and stamp duty on certain properties for which the payment is uncertain since the sale of such properties are not yet confirmed. Also, no provision has been created in respect of some of the properties as in the opinion of the management those properties are non-transferable to the company due to ambiguities in title and ownership | of AIAHL considering certain issues. However, given the need for such title transfer of the immovable properties, provision for stamp duty expenses for these properties based on estimation for transfer values was made in the previous years. Accordingly, this year based on detailed review of all such properties, fresh estimates worked out and provision for stamp duty and registration charges in this regard updated in the books of accounts for those properties where transfer of title is feasible in the assessment of the company. |
| **xi** | Note 23.i.d of the Consolidated Ind AS financial statements regarding contingent liability which includes demand raised by BSE amounting to Rs. 8.90 million. The same has been considered as contingent liability instead of firm liability as in the opinion of the management this will be waived off in the light of company's impending request for waiver to BSE | In view of the BSE having already provided a waiver to the company in 2021, Min. of Civil Aviation, GOI request of Oct 2022 and company's fresh requests in Sept 2024 to BSE, on the grounds that the company is dependent upon GOI grant funds for all its expenses. Therefore, in company's assessment these penalties, for which there is strong likelihood of a favourable consideration by BSE, have been disclosed as Contingent liability, as done in the previous years. |
| **xii** | Note 31 of Consolidated Ind AS financial statements regarding non-reconciliation of GST Input Tax Credit as per books of accounts vis-à-vis GST portal which includes certain amount of GST ITC which is not appearing on the GST portal and 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 validated by the GST department | Out of the total input GST Rs.226.48 million, the company availed the major portion of GST ITC, however, for the balance amount of Rs. 53.86 million which are not appearing on the portal of GST/not available for availment, services of a GST Consultant engaged to assist for the availment of the said ITC. |
| **xiii** | Note 38 of the Consolidated Ind AS financial statements, the 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 | The Company is an SPV incorporated by GoI for the specific purpose and company is not being a commercial/business entity and financially dependent upon the Govt. of India even for recurring expenses of the company.<br>In view of the said facts, the Company sent a request to the Min. of Corp. |

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| | 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 | Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee.<br>The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested Ministry of Corporate Affairs to re-examine their decision for the exemption from CSR. The decision of the Min. of Corporate Affairs, GOI is awaited.<br>Based on the final decision of the Min. of Corporate Affairs, GOI the constitution of the CSR committee by the competent authority and the allocation/expenditure towards CSR activities relating to earlier applicable years shall be actioned. |
| **xiv** | Note no. 9 of the Consolidated Ind AS financial statement regarding unreconciled net balance of Rs. 30.57 million as on 31st March 2024 among holding and subsidiaries pending inter-company reconciliation | The transactions shall be settled and reflected in FY 2024-25 annual accounts. |
| | **B) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 26th March 2025** | |
| **i** | The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively.<br>Reply is awaited from Department of Public Enterprise | This is a statement of fact.<br>As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL.<br>However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committees is required to be done by Independent Director.<br>The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020 |

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| | | followed by reminder vide mail dated 10.05.2024.<br>Response from DPE to the said letter is still awaited. |
| ii | a) As per para 9 of Ind-AS 2 on Inventories AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only. RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data. Inventory valuation for balance sheet has been taken from SAP Software and there is difference of Rs. 91.57 million in year 2023-24 without opening balance in both the software which cannot be verified. Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is Rs. 683.96 million where there is provision of Rs. 500 million unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value. In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and | a) Majority of the inventories had been transferred by the then Air India Limited (AIL) to the company in the financial year 2017-18 (approx. Rs. 415.59 million).<br>This was only book transfer, and no physical handover-takeover had taken place.<br><br>Both RAMCO and SAP software were managed by the erstwhile holding company Air India Limited till September' 23. Moreover, material management functions for AIESL were also being discharged by Air India Limited. Configuration of Material masters, GL masters, flow of information from RAMCO to SAP etc were also managed by Air India Limited employees and ERP manager/consultants of the then holding company.<br>Moreover, the finance team also comprised of the AIL Personnel, who were put on deputation to AIESL. No physical verification of inventory items was carried for quite some time. Many items, which were in the nature of assets were also included in inventory. Some inconsistent practices got developed among the users resulting in further imbalances and mismatches in the inventory accounting and balances.<br>In the absence of reconciliation of physical and book balance for several years, the problem got far from resolution.<br>During the current year, certain actions for resolution of the problem were undertaken. These included:<br>i) AIESL engaged independent RAMCO and SAP consultant wef Oct' 2023. |

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| | follow-up of Import invoices and account statement.<br>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 | ii) Separate material management department has been setup in AIESL.<br>iii) A dedicated finance person retired form AIL has been engaged for regular interaction with RAMCO, MMD team for regular monitoring and correction.<br>iv) Users have been strictly advised not to include spares/ materials brought by the customers in the AIESL inventory.<br>v) Items earlier included in inventory have been capitalized during 2022-23 and 2023-24. Further action for 2024-25 is also under progress.<br>vi) Suitable controls have been put in place in RAMCO to ensure that all accounting entries for transactions recorded in RAMCO are posted in SAP without any exception.<br>vii) The existing provision of Rs 50 crores (created in 2022-23) is maintained to take care of any reduction in value of inventory.<br>viii) A physical verification of all inventory items at all the stations is planned on 31st March 2025 in order to establish the correct value of inventory items.<br>With the above actions, it is expected that the issues will be considerably resolved during the financial year 2024-25.<br>Liability for material received is booked at the time of receipt of material in RAMCO. Such entries are credited to an intermediate account and later on moved to vendors account on receipt of invoice.<br><br>b) As per para 9 of Ind-AS 2 on Inventories, “Inventories shall be |

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| | | measured at cost or net realizable value."<br>However, as per para 21 "Techniques for the measurement of cost" Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions.<br>Further, as per para 25 "Cost Formula" The cost of inventories, other than those dealt with in paragraph 23 (para – 23 The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects shall be assigned by using specific identification of their individual costs.), shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula. An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.<br>The valuation of the inventory has been done by us on weighted average basis as permitted. |
| **Iii** | Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value. Physical verification of assets has surplus and unidentified items out of which Rs. 45.92 | Asset capitalization is a separate process from the payment of the vendor's invoices and action is carried out by a separate section. There is generally gap between date of acquisition, date of payment and the date of capitalization since the details such as vendor invoices, material receipt including material description and assets codes as well as incidental costs such as custom duty, handling charges etc are available at different sources and some time is required for collection and collation of the same. |

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| | million has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending | During the year, there were delays in completing the process. However, the same was completed as per prescribed accounting procedures and standards.<br>As per accounting policy of the company, duly disclosed vide note no. 2(a)-2(ii) 'Depreciation on addition to assets is provided for the full year of acquisition and no depreciation is provided in the year of disposal'.<br>Further, as disclosed vide note 2(a)-iv, in respect of some assets (imported tools), the company has capitalized freight and handling charges for ₹0.64 million on estimation basis, which is in line with the Frequently Asked Question no -10 of Educational Material on Ind AS 16.<br>The company has capitalized Property, Plant & Equipment based on the value of purchase order due to mismatch in few invoice values of the vendor as compared to the purchase order (USD 11,361), since the assets have been received and put into use but payment has yet to be made by the company to the vendor due to discrepancies in the invoices etc. This has been disclosed in note2(a).v<br>During the physical verification of assets, few tools have been identified as surplus. Since some of these surplus items were found to be part of inventory, the same have been removed from inventory and capitalized the historical value as appearing in RAMCO software. . For the rest of the surplus items, required action for suitable adjustments are to be carried out in coming years along with reconciliation/ verification of inventory items. This has been disclosed in note no. 2 (a). iii. |
| **iv** | MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest | Then Air India Ltd was maintaining centralized vendor master having all vendor details including MSME / MSE status. A dedicated team was managing the vendor master. In |

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| | | AIESL there is no dedicated SAP team managing the vendor master, hence the vendor data in SAP may not be updated with all details. In view of the same, details of MSME vendor maintained by the PPMM department is consider for identifying, cases of delayed payment for provisioning of interest.<br>Efforts shall be made to put in a system for updating the vendor data in SAP. |
| **v** | Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is no proper system of accounts confirmation from Customers, we are unable to verify ageing reports | In some of the customer accounts both open debit and credit line items exist. For the purpose of computing the ageing, the same have been adjusted manually on FIFO basis. This is also disclosed vide note no. 6.1 (ii) |
| **vi** | Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways, one by debit to Customer account directly and other to Outstanding recoveries. Unbilled revenue is debited to customer account directly where same should be accounted for in a separate head and on quarterly basis as against existing practice of annual basis, for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs. 538.38 million) not accounted by company properly out of Rs. 1,956.06 million Unbilled revenue was booked out of which Rs. 149.22 million relates to previous year. This system error needs to be strengthened in RAMCO/SAP which missed its billing | In cases of accrued revenue as on 31st March, the company accounted revenue as unbilled revenue by debiting the customer account in cases of billing done during first quarter of the subsequent year. In other cases outstanding recoveries is debited instead of customer account. However, this shall be reviewed for necessary corrective action.<br><br>Due to intra departmental communication gap, there have been few errors in advising billing action for supplies and services provided to IAF SESF flights. Total amount of such missed billing was for Rs. 53.84 crores out of which Rs. 14.92 crores pertained to 2022-23. Necessary billing action for the same is in process.<br>Necessary action has also been taken to avoid such errors in future. |
| **vii** | Company has numerous un-reconciled employees debit and credit balances as in two test cases R KALAICHELVAN of Rs. 1.63 million since 2012 and S D AUGUSTINE DIVAKAR of Rs. 0.15 million since 2018 recoverable. The reconciliation and matching of certain unmatched | Prior to disinvestment of Air India in 2021-22, a number of intercompany entries were transferred to the company by Air India. Some of these pertained to previous years for which sufficient supporting detail were not available. In case of Shri R |

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| | receivables/ recoverable from staff and payables including certain control ledger is in the process | Kalichelvan amounting to Rs 16.31 Lacs, the entry was transferred by Air India in 2021 whereas Shri R Kalichelvan superannuated in 2015. On referring the matter to Air India Ltd, it has been communicated by them that they do not have any supporting details at present. As an interim adjustment, the same has been charged to expenses during the financial year 2023-24.<br>There are both debit and credit amount lying in the account of Sh S D Augustine Divakar and no outstanding against him is as on 31.03.2024.<br>There are some more outstanding amount against the employees largely pertaining to the transfers from M/s Air India. The same have been adjusted/ recovered during the last two years. Action for balance items is in progress. The balance as on 31.03.2024 has been charged to expenses during the year. |
| **viii** | Company has two oversees establishments in Dubai & Kathmandu, no separate books are maintained and there is no asset and liabilities of the Branches. Only Cash Flows in form of bank statement is maintained by HO for Dubai and there is no separate bank for Kathmandu | All financial transactions for Kathmandu are carried out directly form India only.<br>At Dubai, there is a only a small office which is also under closure at present. Except a few customer and bank balance, there are no other assets/liabilities. |
| **ix** | Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due | In respect of customers, major accounts such as Air India, Air Express, AAAL and several other customer accounts consisting of approx. 87% of total receivables have been reconciled.<br>The balances shown in the balance sheet are customer-wise single balance after netting the debit and credit balances for a customer under all customer codes considered as single balance.<br><br>Some of the customers have multiple accounts in the company's books with different GL codes mainly due to GST requirement. The receipts are |

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| | | accounted in the main GL account of the customer and all the balances are grouped.<br>Some customers and vendors have responded and wherever the customer/ vendor balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority. |
| **x** | Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained | As per the accounting procedure of the company, any invoice in the SAP will be booked on appropriate approval from the concerned officials. However as per GAAP, at the end of the year the company has accounted the expenses on estimated basis to the extent it has been crystalized on which TDS has not been deducted and deposited.<br>Further as per the decision in case of Subex Ltd. Vs. DCIT (Karnataka High court) and in other various High Court decision and Income Tax Appellate Tribunal, no withholding tax is required to be deducted on year end provisions if payees not identified, amount is not certain and provision is reversed next year. Hence keeping the above point TDS has not been deducted on provisions. However, TDS has been deducted and deposited at the time of accounting of approved invoices in SAP. |
| **xi** | Company has not maintained proper records of foreign exchange earned and expended as foreign exchange earned as per note 37 Note of Consolidated Ind AS financial statements as details of figure mentioned are not from SAP and worked manually which cannot be verified | There are no standard reports in SAP for this purpose. The details have been compiled based on invoices for income and expense booked during the respective years. |
| **xii** | Company has not complied with Ind AS 36 on Impairment of assets | As per para 63 of Ind AS – 16 “Property, Plant and Equipment”<br>To determine whether an item of property, plant and equipment is |

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| | | impaired, an entity applies Ind AS 36, Impairment of Assets. That Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.<br>**A.** Now as per Ind AS 36 "Impairment of Assets" first entity has to identify an asset that may be impaired. For the indication that an asset may be impaired, an entity shall consider para 12 of Ind AS 36 i.e., a minimum of the following: -<br><u>EXTERNAL FACTOR</u><br>(a) there are observable indications that the assets' value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.<br>(b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated.<br>(c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.<br>(d) the carrying amount of the net assets of the entity is more than its market capitalization.<br><u>INTERNAL FACTOR</u><br>(a) evidence is available of obsolescence or physical damage of an asset.<br>(b) significant changes with an adverse effect on the entity have |

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| | | taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.<br>(c) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.<br><br>**B.** As per para 13 of Ind AS 36, an entity may identify other indications that an asset may be impaired and these would also require the entity to determine the asset's recoverable amount.<br>An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.<br>In the opinion of the management above, the indicators are not visible.<br>Further, As per para 59 of the Ind AS 36, If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss.<br>As per management opinion, the company is having only one CGU i.e. providing MRO service and the carrying amount of assets in the books of the company may be less than its recoverable amount. |
| **xiii** | A) Company does not have proper system of reconciliation of Trade receivable, Deposits received, deposits paid and trade payable hence we are unable to | A) In respect of customers, major accounts such as Air India, Air Express, AAAL and several other customer accounts consisting of |

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| | comment for correctness of its due and payable amount. | approx. 87% of total receivables have been reconciled.<br>The balances shown in balance sheet are customer wise single balance after netting the debit and credit balances for a customer under all customer codes considered as single balance.<br>Some of the customers have multiple accounts in the company's books with different GL codes mainly due to GST requirement. The receipts are accounted in the main GL account of the customer and all the balances are grouped.<br>Some customers and vendors have responded and wherever the customer/ vendor balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority. |
| | B) Company does not maintain TDS/TCS receivable details on real time Customer wise of Rs. 660.99 million and there is no year wise reconciliation in absence of payment details. More over year wise breakup of excess tax paid of Rs. 9.22 million is also not available. The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. There are advance TDS payments for salary & others which remain unconsumed by Rs. 5.12 million for so many years. It implies that there is no control or procedure for regular deposit of TDS and set off with regard to liability of TDS. | B) TDS/TCS are accounted Customer wise at the time of accounting of the receipts itself based as per the details from the customers. However, in cases of delay in receipts of details from the customers, the same are accounted only at the time of receipt of details. At the year end, on the basis of 26 AS details, accounting of TDS credits are also done for the balance amount. |
| | C) Good & Service Tax (GST) has Opening Negative Liability of Rs. 57.03 million which has still closing balance of Rs. 82.63 million besides GST accounts net | C) Good & Service Tax (GST), Tax deducted at source and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year |

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| | debit balances of Rs. 342.78 million which is in the process of reconciliation with the returns filed and statutory records maintained by the company. Opening Negative Liability and Other Debit balances are quite old and no year wise breakup is available | of completion of reconciliation and approval from appropriate authority. |
| **xiv** | As per the policy of the company, for the physical verification of PPE, the Company has appointed:<br>A professional firm of Chartered Accountant including for the assets tagging of the PPE (Delhi) in a phased manner. The firm has submitted its report dated 11th July, 2024 showing unidentified not found 25 items having WDV of Rs. 1.12 million as per Report and found 6857 excess items.<br>Professional firm at Kolkata whose report dated 22nd July 2024 reported as not found 82, excess found 1059.<br>Thiruvananthapuram report dated 15th July, 2024 not found 11, excess found 1978. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority.<br>Further, as per report submitted, 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 | The details of physical verification of assets and resultant surplus/shortages has been stated at para 2(a )- iii of notes to accounts |
| **xv** | Prior period expenses NIL and Prior period income related to previous year 2022-23 to the tune of Rs.149.22 million has been booked in the year 2023-24 (P.Y. Prior period income Rs. 175.66 million & Prior period expenses Rs. 517.49 million). The book of 2022-2023 has been restated and consequential adjustments/ disclosure has been made in respective years | This is a statement of fact as disclosed vide note 24 of notes to accounts. |
| **C.** | **In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated 16th January 2025** | |
| **i** | Note No. 44 to the Consolidated Ind AS financial statements, wherein the Company addresses its use of the going concern basis for the preparation of its financial statements. The Company has incurred net loss of Rs. 5,665.73 million in the previous financial year and has continued incurring losses amounting to Rs. 6,210.20 million in the | Suitable disclosure has been made in Note No. 44 |

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| | current financial year ended March 31, 2024, and that the net worth of the company being fully eroded as of the year-end date, thereby giving rise to significant uncertainty regarding the Company's ability to continue as a going concern.<br><br>However, the Company has received financial support from its holding company, AI Assets Holding Limited, in the form of an equity infusion of Rs. 6,000 million during the current financial year. This assistance, combined with other factors detailed in the note, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management | |
| **ii** | Note No. 28(a) to the Consolidated Ind AS financial statements wherein the company has stated that "A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises were on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 million. The necessary accounting for the same will be affected in FY 2024-25." | Suitable disclosure has been made in Note No. 28 (a) |
| **D.** | **In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor's Report dated 28th February, 2025** | |
| **i** | **Amount Receivables:**<br>Note No. 31 to the Consolidated Ind AS financial statements regarding the Company has sent letters/e-mails for confirmation of balances, whereas responses are received by the management. However, the whole process of obtaining confirmations need to be further strengthened. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof.<br>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 item from Revision of Rates for CRPF/BSF and we believe that with careful | |

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| | 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.<br>Agreed Receivable from UT of J&K amounting to Rs. 267.3 million was not received during the year. However, few transactions amounting to Rs. 14.6 million towards gratuity payment and receipts from debtors amounting to Rs. 0.7 million and Bank interest amounting to Rs. 0.08 million have been incurred by the company on behalf of CLVH during the year.<br>Regular Customers are having debit balances 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 to 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.<br>The Company has made provision for Bad & doubtful debts 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:**<br>Note No. 31 to the Consolidated Ind AS financial statements regarding the company is 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. | The Company has sent emails/letters for confirmation of balances, responses have been received from the parties and accounts reconciled. The balances shown in the accounts are as per such confirmations / reconciliations. |

| Sl. No | Audit Observations | Management Comments |
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| | 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 standalone financial statements | Statement of Fact |
| iii | **Untraceable Employee Advance:**<br>Amount receivable from Staff amounting to Rs. 0.36 million is outstanding from more than 5 years. The management is unable to identify the recoverable dues and persons for recovery of the same. 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 reconciliation of the long outstanding Employee advances is under process, for the purposes the old records are being scrutinized and the details of such employees are retrieved and the pending amounts shall be recovered from the Wage revision Arrears payable to such employees. |
| iv | **Loss/shortage of Property, Plant & Equipment:**<br>Records maintained for Property Plant Equipment (Fixed Assets) are not properly updated as per their Item/Quantity wise. Physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2023-24). Further, the quantity shown in the physical verification report are not matching with the quantities shown under the valuation report. Due to non-tagging of Fixed Assets and no proper item wise details reconciliations with the Books of Accounts or Fixed Assets Records would be difficult to identify (if any). Hence impact of loss/ shortage/ scrap of assets remains indeterminable | The necessary tagging of the Fixed Assets along with the items as per the Fixed Assets Register and reconciliation of the same with the physical verification report is being updated and will be completed for the year 2024-25. |
| v | **Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL:**<br>Note No. 23.i.(i) to the Consolidated Ind AS financial statements regarding lease rentals | |

| Sl. No | Audit Observations | Management Comments |
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| | 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 | In view of the disputes raised with AAI, interest is being disclosed under Contingent Liability. |
| **vi** | **Provision of Wage Revision of Differential Liability:**<br>Note No. 32 to the Consolidated Ind AS financial statements regarding the earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2024 is Rs. 146.36 million. The Management had announced an interim relief of Rs. 5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to Rs. 70.74 million as on 31.03.2024. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion | Statement of fact |

| Sl. No | Audit Observations | Management Comments |
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| | 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:**<br>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 | Legal Expenses, interest and other cost will be booked as and when such costs are ascertained. |
| viii | **Non-Compliance of certain provisions of Companies Act:**<br>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.<br>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.<br>The above non-compliance was also reported by us in our previous audit report dated 28th December, 2023 to the standalone financial statements for financial year 2022-2023 | Independent Directors have not been appointed. |
| ix | **Event Occurred after Balance Sheet Date:**<br>A court order was passed on 4th Nov 2024 against the company in a case N. S Associates Private Limited Vs Hotel Corporation of India (shown as Contingent liability), for which the liability was determined and therefore, a total provision for Rs. 19.8 million upto 05.08.2024 [award amount (Rs. 8.84 million) + interest amount @ 12% per annum from 01.10.2014 to 05.08.2024 (Rs. 10.42 million) + cost (Rs. 0.5 million)] was made in the books of accounts.<br>Funding: Ministry of Civil Aviation via its order no. AV.17046/60/2023-AI dated 15th | Statement of Fact<br><br>Statement of Fact |

| Sl. No | Audit Observations | Management Comments |
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| | July 2024 had advanced an amount of Rs. 571.4 million from contingency fund of India to AIAHL for onward investment to its subsidiary HCI towards payment of statutory dues & overdue vendor payments and wages arrears to employee (retired/ Serving) | |
| x | **Some Inconsistencies in Accounting Records:**<br>During our review of the accounting records, we noted some discrepancies, incomplete entries, and areas requiring reconciliations/clarifications. These include instances of incorrect accounting entries, unclear documentation, and transactions recorded in incorrect periods. Some entries appear to be misallocated, and certain supporting documentation is missing, which could affect the accuracy and transparency of the financial records. GST return data was maintained manually and the same is not reconciled with the Books of Accounts. The company is in the process of Reconciliation and filing of the GST Annual returns.<br>The misalignment of entries across periods presents challenges to maintaining the consistency of the financial statements. Addressing these matters, would resolve ambiguities which are important to ensure the reliability of our financial reporting. We recommend timely attention to these matters to enhance the integrity of the accounting records | The discrepancies, incorrect entries have since been rectified during closing of accounts. Also, annual reconciliations are filed/being filed as per the provisions of the respective acts. The company has procured and installed the computerized PMS system which is integrated with tally accounting system for preparation of various returns in computerized form in place of the manual records. |
| xi | **Internal Control System:**<br>Note No. 33 to the Consolidated Ind AS financial statements regarding:<br>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.<br>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.<br>The above non-compliance was also reported by us in our previous audit report dated 28th December, 2023 to the standalone financial statements for financial year 2022-2023 | Noted |

| Sl. No | Audit Observations | Management Comments |
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| xii | **Fair value of the financial assets and financial liabilities:**<br>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 | Statement of Fact |
| xiii | **Going Concern:**<br>Note No. 44 to the Consolidated Ind AS financial statements regarding the Company has incurred a net loss of Rs. 638.86 million during the year ended March 31, 2024 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 670.63 million and it has accumulated losses of Rs. 8,839.09 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 | The company is confident that the performance would improve in FY 2024-25. The company has recently been awarded the FHU contract by AIL through RFP valid for a 2 year term. Action plan has been formulated and is under implementation for increasing the saleable inventory by adding additional rooms through minor repairs /renovation.<br>Registration on GeM portal for providing ODC and Banquet services has been completed.<br>On boarding on the Zomato portal for on line F&B sales is under process. |
| E. | **In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- Vide their Auditor's Report dated 03rd January, 2025** | |
| | i. Note 33 to the consolidated Ind AS financial statements regarding M/s Uniq Data Solutions Private Limited (UDSPL), implementer of ERP accounting software (Odoo) has unilaterally suspended the ERP accounting software on 15th June, 2024 against which Company has filed the suit against M/s UDSPL (matter is under sub judice). Due to unavailability of ERP accounting software, Company has prepared its financials from the accounting data extracted from the said ERP on June 8, 2024 after passing closing entries | This is a statement of fact. |
| | ii. The Company has inventories consisting of stores and spares gross amounting to Rs. 22.50 million (Provision of Rs. 2.94 million has been made for obsolescence of such inventories). These inventories were transferred from Air India Limited and AI | AIASL Technical team has confirmed that there is no diminishing in the value of stores and spares inventory which has been lying with us for over 3 years and hence inventory is being carried in the books at which it was transferred |

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| | 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 | to us from AI. Further we have made a provision for the obsolescence of such inventories. |
| | iii. Note 31 to the consolidated Ind AS financial statements regarding amounts receivable and payable to various parties are subject to confirmation and reconciliation | We did sent to all the Third Party Airlines for Balance Confirmation as on 31.03.2024, however, except for few, none of the Airlines confirmed the balances, though, in the balance confirmation letter it was mentioned that if confirmation is not received by a specified date, it shall be taken as balance confirmed. We have obtained balance confirmation from, AI Engineering Services, Alliance Air and AI AHL, HCI, who are our group companies. |
| | iv. The Company has corrected prior period errors by restating the affected financial statements line items for the prior year | This is a statement of fact. |
| | Our report is not modified in respect of matters stated above. | |

## Key Audit Matters

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| Para 4. | **Key Audit Matters** | | |
| 1 | **In respect of Holding Company, Transactions relating to disinvestment of Air India Limited** ***(refer note no. 3 to the consolidated Ind AS financial statements)*** We consider this matter to be of most significance in our audit due to the materiality of the balances in the standalone Ind AS financial statements: - | **How our audit addressed the Key Audit Matters** | **Management Reply** |
| | 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), against this as sets / liabilities / monetization proceeds for Rs.1,51,908.26 million were transferred by the then AIL till 31st March 2024. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.6,80,041.33 million as separate line item under "Equity & Liabilities" as on 31st March 2024. 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. | 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 the 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 on the self-certified documents provided by AIL. We have relied on the information/ documents provided by the management as received from | This is a matter of fact. However, the referred transactions are the disinvestment related transactions for assets / liabilities / funds transferred were acc - ounted in FY 2021-22 in terms of the framework agreement. |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | | AIL. We have not been provided with any Utilization certificate of funds utilized by AIL during previous years for the purpose these were intended to by either statutory auditors of AIL or from any independent agency. | |
| 2. | **Independent Director under Companies Act, 2013 (refer Note no. 39.a to the *consolidated Ind AS financial statements*)** 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 - | 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. | This is a statement of fact. |
| | Appointment of independent directors as the company's NCDs are listed on Bombay Stock Exchange. | | |
| 3 | **Utilization of Grants (refer Note 4.2 to the *consolidated Ind AS financial statements*)** We consider this matter to be of most significance in our audit due to the materiality of the balances in the Standalone Ind AS financial statements - | | |
| | i. Grant in aid received from Govt. of India of Rs.6,500 million towards servicing of interest for the two NCDs series of Rs.1,49,850 million issued by the company. | Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. | This is a statement of fact. |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | | Note no. 1.A of the notes to standalone Ind AS financial statements of the company describe the purpose of formation of the company as “SPV” for transfer of identified debts of AIL to “SPV” duly approved by the Government of India and Board of Directors of both the companies.<br>The grant received from Government is being accounted as “other income” to the extent of the equivalent amount expensed off during the year. The company has received Rs.6,500 million as Budgetary support / grant from theGovernment during the year which is fully utilized hence, accounted as “other income”.<br>We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR. | |
| | ii. Grant in aid received from Government of India of Rs.510 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.<br>In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 510 million to be utilized for the purpose of medical expenses of such retired and retiring employees.<br>We reviewed the relevant sanction letters embodying the purpose and utilization thereof of | This is a statement of fact. |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | | such grants in terms of rules made under GFR. | |
| **4** | 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) - | | |
| | *Sub para 3 of para 3 "Under-taking" 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)* | Copy of SPA has not been provided to us, hence we have relied on the restated framework agreement signed between the company and the then AIL for all the transactions made between AIL and the Company. | This is a statement of fact. |
| | **In respect of Subsidiary Company:** | | |
| | **Hotel Corporation of India Limited** | | |
| **5.** | **Going Concern** | | |
| | The company is in loss, net worth is fully eroded, going concern needs to be examined. | As per the management rojection and clarification, management are of the view that though the com-pany is in a loss but continuous support from 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 31.03.2025 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 01.05.2025 which ensures that company will be able to run its business as | The company is confident that the performance would improve in FY 2024-25. The company has recently been awarded the FHU contract by AIL through RFP valid for a 2 year term. Action plan has been formulated and is under implementation for increasing the saleable inventory by adding additional rooms through minor repairs /renovation. Registration on GeM portal for providing ODC and Banquet services has been completed. On boarding on the Zomato portal for on line F&B sales is under process |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | | going concern in near future.<br>***(Refer note no. 44 to the consolidated Ind AS financial statements).***<br>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,<br>obtaining ISO Certification in order to upgrade the present properties.<br>Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level.<br>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. | |
| **6.** | **Contingent Liabilities:**<br>**(refer Note 23.i to the *consolidated Ind AS financial statements*)**<br><br>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.<br>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 | We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure ofcontingent liabilities and adopted the following audit procedures:<br>-understood and tested the design and operating effectiveness of controls as established by the management for obtaining | The details are disclosed at Note 23.i. |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | interpreting the cases and it may be subject to management bias. | relevant information for pending litigation cases;<br>- discussing with management any material developments and latest status of legal matters<br>- 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;<br>- examining management's judgements and assessments whether provisions are required;<br>- considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote<br>- reviewing the adequacy and completeness of disclosures<br>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable | |
| **7.** | **Uncertain Taxation Matters**<br>The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes. | We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.<br>We also considered legal precedence and other rulings, including in the Company's own case, in evaluating management's | |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | | position on these uncertain tax positions. | |
| **8.** | **Other Matter – Goods and Service Tax** | In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records.<br>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.<br>In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records. | These advances pertain to Banquet Functions bookings at the Hotels which is not significant.<br>However, the advances will be considered and taken care while raising the Invoices. In respect of surrendering back of ITC for nonpayment it is submitted that the payments to the vendors are made within the stipulated period. Further all these aspects are taken care while filing the Annual Returns. |
| | **In respect of Subsidiary Company:** | | |
| | **AI Engineering Services Limited** | | |
| **9.** | AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked. Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP | | Management response to this key audit matter has already been provided at Sl.No 3(B) of the Emphasis of the matter. |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | only. RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken at a value from SAP Software and there is difference of Rs. 91.56 million in year 2023-24 without opening balance in both the software which cannot be verified. Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is Rs. 683.96 million where there is provision of Rs. 500.00 million unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing/ MMD department. Account statement/<br>confirmation is not available from import vendors. There is no control system of timely submission and follow-up of | | |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
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| | Import invoices and account statement. | | |
| **10.** | Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value .Physical verification of assets has surplus and unidentified items out of which Rs. 45.92 million has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending. | | Management response to this key audit matter has already been provided at Sl.No 3 (B) of the Emphasis of the matter. |
| **11.** | MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest. | | Management response to this key audit matter has already been provided at Sl.No 3(B) of the Emphasis of the matter. |
| **12.** | Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is no proper system of accounts confirmation from Customers, we are unable to verify ageing reports. | | Management response to this key audit matter has already been provided at Sl.No 3(B) of the Emphasis of the matter. |
| **13.** | Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways, one by debit to Customer account directly and other to Outstanding recoveries. Unbilled revenue is debited to customer account directly where same | | Management response to this key audit matter has already been provided at Sl.No 3(B) of the Emphasis of the matter. |

| Sl. No | Audit Observations | How our audit addressed the Key Audit Matters | |
|---|---|---|---|
| | should be accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs. 538.38 million) not accounted by company properly out of Rs. 1,956.06 million Unbilled revenue was booked out of which Rs. 149.22 million relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing. | | |
| **14.** | Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due. | | Management response to this key audit matter has already been provided at Sl.No 3(B) of the Emphasis of the matter. |

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|

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, 2024, 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) | 29,345.63 | (36,838.81) | 9,625.53 | 78.33 |
| AI Engineering Services Limited (AIESL) | 26,759.46 | (5,393.71) | 21,803.53 | 1,815.43 |
| Hotel Corporation of India (HCI) | 801.65 | (7,463.08) | 632.17 | 51.51 |
| AI Airport Services Ltd (AIASL) | 11,396.06 | 4,601.64 | 8,759.78 | (448.62) |

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 in 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.

**Report on Other Legal and Regulatory**

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| **Para 9.** | **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(xxi) 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:<br>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.<br>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.<br>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 | |

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | account maintained for the purpose of preparation of the Consolidated Ind – AS Financial Statements.<br>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.<br>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.<br>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.<br>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.<br>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 | |

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | subsidiaries, as referred in the "Other Matters" paragraph:<br><br>i. The Consolidated Ind – AS Financial Statements disclose the impact of pending litigations as at 31st March, 2024 on the consolidated financial position of the Group in the note number 23 of the Consolidated Ind AS Financial Statements.<br><br>ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.<br><br>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.<br><br>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;<br>(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, | |

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | 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<br>(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.<br><br>v. No dividend have been declared or paid during the year by the Holding Company or its subsidiaries.<br>vi. Based on our examination, which included test checks, the holding company has used an accounting software for maintaining its books of account for the financial year ended March 31, 2024 which has a feature of recording audit trail (edit log) facility. However, in the absence of Service Organisation Controls Report, we are unable to comment on whether audit trail feature of the said software was enabled and operated throughout the period for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with.<br>As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 | |

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.<br>Further, in respect of the subsidiary companies, the status of audit trail feature in the accounting software is as follows:<br>**a. In respect of Alliance Air Aviation Limited**<br>The company uses software called Laminaar (MMD Software) in which data is extracted and uploaded in the SAP Accounting software for recording the consumption in books of accounts. The same is being done manually and that there is no direct interface between these two softwares. Hence the audit trail is limited to the extent the data is uploaded in SAP Software.<br>**b. In respect of AI Engineering Services Limited**<br>The Company has SAP for maintenance of accounts and RAMCO for billing, material management and Inventory. Material movement data is not maintained properly in RAMCO Software which has chances of leakage/pilferage of records and basic reports of software are also not correct and not readily available on real time basis. Company has to take all reports from Consultant and there is no in-house system to take & cross checks reports. Integration of data of both software also needs review. Most of the entries passed do not contain supporting attached with it. The system needs to be strengthened regarding the same.<br>Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31st March 2024 in back date during the audit period.<br>**c. In respect of Hotel Corporation of India Limited** | |

**Para 5 . Other Matters**

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | Based on the examination which included test checks, the Company has used an accounting software (Tally Prime) for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that audit trail was not enabled at the database level to log any direct changes for the accounting software used for maintaining the books of account. For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.<br>**d. In respect of AI Airport Services Limited**<br>Based on the examination, the company, w.e.f April 1, 2023, has used an accounting ERP software "Odoo" developed by Ms. Uniq data Solutions Private Limited (who was also responsible for handling the back-end IT support for the said ERP software), for maintaining its books of account. As represented to us by the management, audit trail feature of the said software was enabled and operated throughout the year, however due to the fact that the said ERP software was suspended as disclosed in Note no. 33 of the financial statements and in absence of audit trail control report we are unable to verify and comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.<br>As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024. | |

**Annexure A**

**Referred to in paragraph 9.1. 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, 2024**

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 | Management Comments |
|---|---|---|---|---|---|
| 1. | AI Assets Holding Limited | U74999DL2018 GO1328865 | Holding Company | (i) (a) (A)<br>(i) (b)<br>(i) (c)<br>(iii) (b)<br>(iii) (c)<br>(iv)<br>(xiv) (a)<br>(xx) | See Para-wise Comments for each referred para of CARO Report |
| 2. | Alliance Air Aviation Limited | U51101DL1983 GOI016518 | Subsidiary Company | (ii) (b)<br>(vii) (a)<br>(vii) (b)<br>(ix) (a)<br>(xi) (a)<br>(xi) (c)<br>(xiv) (a) | See Para-wise Comments for each referred para of CARO Report |
| 3. | AI Airport Services Limited | U63090DL2003 PLC120790 | Subsidiary Company | (i) (b)<br>(vii) (a)<br>(vii) (b) | |
| 4. | AI Engineering Services Limited | U74210DL2004 GOI125114 | Subsidiary Company | (i) (a) (i)<br>(i) (c)<br>(ii) (a)<br>(vii) (a)<br>(vii) (b)<br>(viii)<br>(xiv) (a)<br>(xiv) (b) | |
| 5. | Hotel Corporation of India Limited | U55101DL1971 GOI394499 | Subsidiary Company | (i) (a) (A)<br>(i) (b)<br>(i) (c)<br>(ii) (a)<br>(vii) (a)<br>(vii) (b)<br>(xiii)<br>(xiv) (b) | |

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| Referred to in paragraph 9.1. 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 2024<br>**In respect of AI Assets Holding Limited, Holding company** | | |
| i. | a. (A) The Company had maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment's. However, for "Assets included in disposal group held for sale", transferred by the then AI without physical handover and takeover and without transferring the ownership of the assets except Airlines House, Kolkata (1 no) and no fixed assets register w.r.t "Assets included in disposal group held for sale" was made available for our verification. | The then AIL has book transferred the assets to the Company. However, as per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by the then AIL on behalf of the company. Such assets are under transfer to the company.<br><br>The required Fixed Assets Register (FAR) descriptive details, based on details received from AIL in FY 2021-22 for the assets classified under "Assets included in disposable group held for sale", including immovable properties are disclosed at Note 9 including the fact that title for transfer of ownership is in process. For some of the movable assets, it is submitted that Fixed Assets register is being maintained by respective subsidiary companies, who are using some of these assets. |
| i. | (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the property, plant and equipment (excluding assets included in disposal group held for sale) have been physically verified by the management at reasonable intervals; no material discrepancies were noticed on such verification. For "Assets included in disposal group held for sale" for which physical handover - takeover was not taken place at the time of transfer from erstwhile AIL to the Company, no report on physical verification of movable assets is made available to us for our verification and with regard to the physical verification of immovable assets | Statement of Fact. However, in respect of Assets classified as held for sale, are the PPE which were book transferred by the then AIL to the Company and a complete list of assets transferred by the then AIL was provided.<br>Regarding movable assets, the Company had hired an external agency to carry out the tagging of all the assets located at several locations, whose report is in the process of reconciliation. The effect of the last physical verification of the movable assets shall be confirmed and recorded in the books of accounts in the year of the next biennial verification. |

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>it was explained to us that the same has been carried out partially during the prior years by the management however, no physical verification was conducted during the current financial year.</td><td></td></tr>
<tr><td>i.</td><td>(c ) According to the information and explanations given to us as the “Assets included in disposal group held-for-sale” disclosed in the standalone Ind AS financial statements were transferred to the company by then AIL at their carrying value on the date of disinvestment of AIL i.e 27.01.2022. As per information and explanation given to us, we report that, the title in respect of immovable properties, disclosed in the standalone Ind AS financial statements under “Assets included in disposal group held-for-sale” were not held in the name of the company except certain properties. The details of such properties is given below:
<table>
<tr><th>Sr. No.</th><th>Description of property</th><th>Gross carrying value (in Rs million)</th><th>Held in the name of *</th><th>Whether promoter, director or their relative or employee</th><th>Period held: indicate a range, where appropriate</th><th>Reason for not being held in the name of company</th></tr>
<tr><td>1</td><td>Freehold</td><td>3,323.62</td><td>Air India Limited /AIAHL</td><td>No.</td><td>31st March, 2022*</td><td>Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements</td></tr>
</table></td><td>As per clause 2.8 of the Restated Framework Agreement dated 5th Jan 2022 executed between the Company and the then AIL, these assets have been held in trust by AIL on behalf of the company.<br><br>Title deeds of remaining assets are under process of transfer to the company from AIL.</td></tr>
</table>

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>
<table>
<tr><td>2</td><td>Other than Freehold</td><td>68,617.39</td><td>Air India Limited</td><td>No.</td><td>31st March, 2022</td><td>Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements</td></tr>
<tr><td>3</td><td>Other Structures</td><td>3,324.23</td><td>Air India Limited</td><td>No.</td><td>31st March, 2022</td><td>Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements</td></tr>
</table>
* Except title transferred (on 08-12-2022) to AIAHL of the property- Airlines House, Kolkata.<br>Since, we were not made available the title deeds of immovable properties, we are unable to comment on the period as well as title with the then AIL for which the properties were held.
</td><td></td></tr>
<tr><td>xiv.</td><td>(a) According to the information and explanation given to us and on the basis of examination of the records, the company has an internal audit system which is commensurate with the size and nature of its business of the company, which needs to be further strengthened in terms of nature, timing and extent of audit procedures.</td><td>Statement of fact.</td></tr>
</table>

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| xx. | According to the information and explanations given to us and based on our examination of the records of the Company, the provision of clause 3 (xx) of the Order is not applicable to the company for the year ended 31st March, 2024. However, in respect of period up to financial year 2022-23, the compliance of the provisions of section 135 is yet to be made. (refer note no. 30 of the standalone Ind AS financial statements). | The Company is an SPV incorporated for the limited purposes for the Disinvestment of Air India and not being a commercial business entity and dependent upon the Govt. of India grant funds. The Company sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider an exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee. However, the Ministry of Corp. Affairs has advised that there is no provision of exemption under the Companies Act for the SPV.<br>The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested MCA to re-examine their decision for the exemption from CSR. The decision is awaited.<br>In view of the above and the pending constitution of the CSR committee/ appointment of an independent director by the competent authority, the allocation/ expenditure on CSR activities relating to earlier years is not made.<br>Also refer to our reply to para 3A.(xiii)- Emphasis of the Matter in this regard. |
| **ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT<br>In respect of Alliance Air Aviation Limited** | | |
| ii. | (b) The total discrepancies observed were more than 10 percent in value, however the same have been properly dealt with in books of accounts. The shortages in inventory have been booked under consumption and Provision to that extent is created in the books of account. The same has been created based on the initial findings and pending investigation to be conducted by the management. Pending approval from the Competent Authority, a net provision amounting to Rs. 170.07 million, over and above the existing provision of Rs. 46.99 million (For FY | Suitable disclosure has been made in Note No. 30 (b) of SFS Financial Statements of AAAL<br><br>A Committee has been formed and the inventory verification report will be submitted to Auditors in FY 2024-25. |

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | 21-22) has been created in the current financial year for the shortages and that the same have been dealt properly. There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during FY 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. We state that we have not received any report for assessment of actual loss from the company for the shortages identified in the previous verifications. (Refer note no. 30 (b) forming part of SFS Financial Statements of AAAL). | |
| (vii) | (a) The Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues with appropriate authorities except TDS under Income Tax Act and TDS under GST Act.<br>Tax deducted at source (Under Income Tax Act and Goods and Service Tax Act) has not been deposited regularly. Under the Income Tax Act, An amount of Rs. 225.56 million for the months of July to November 2022 and Rs.168.82 for the month of April -23 to July 23 is outstanding for more than 6 months as on March 31, 2024, Whereas in case of Goods and Service Tax Act, Rs 2.39 million is outstanding for more than 6 months. | This is statement of fact. |
| vii. | (b)The details of statutory dues referred to in sub clause (a) above which have not been deposited as at March 31, 2024 on account of any dispute, are as follows: | |

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>
<table>
<tr><th>Name of the Statute</th><th>Nature of the dues</th><th>Amount (Rs. In Million)</th><th>Period</th><th>Forum where dispute is pending</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>22.57</td><td>AY 2000-01</td><td>ITAT, New Delhi</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>28.04</td><td>AY 2004-05</td><td>ITAT, New Delhi</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>766.86</td><td>AY 2022-23</td><td>CIT-Appeal (National Face less Assessment)</td></tr>
</table>
</td><td></td></tr>
<tr><td>(ix)</td><td>(a)The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. However, with respect to total loans amounting to Rs. 26,753.98 million availed from holding company AI Assets Holding Ltd., the terms and conditions and schedule of repayment thereon have not been stipulated and accordingly we are unable to comment on the default in repayment of such loans. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.</td><td>This is statement of fact.</td></tr>
<tr><td>(xi)</td><td>(a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us and based on the complaint made by the whistleblower we would like to state that there might be instances of material fraud on the Company by its officers or employees noticed or reported during the year. Since the matters highlighted by the whistleblower are subjudice and under investigation, hence the actual fraud and its impact on the financial</td><td>This is a statement of Fact.</td></tr>
</table>

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | statements would be known upon conclusion of the investigation by the vigilance department. | |
| (xi) | (c) No whistleblower complaints were received by the Company during the year, but there was a complaint received post balance sheet date which highlighted several material instances of breaches of internal controls and override of the internal controls by officers of the Company, which are under investigation by the vigilance department. | This is a statement of fact.<br><br>Suitable disclosure has been made in Note No. 33 (b) of SFS Financial Statements of AAAL |
| (xiv) | (a) The Company has an internal audit system commensurate with the size and nature of its business, but the same needs to be strengthened due to the various lapses highlighted by the whistleblower | This is a statement of fact. |
| **ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT<br>In respect of AI Airport Services Limited** | | |
| (i) | (b) In respect of the Company's Property, Plant and Equipment and Intangible Assets:<br>Property, Plant and Equipment have not been physically verified by the management during the year hence, we are unable to comment on the discrepancies. | |
| (vii) | (a) According to information and explanations given to us and our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, the undisputed amounts payable in respect of the above were in arrears as at March | |

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | 31, 2024 for a period of more than six months from the date on which they become payable, are as follows: | |

| Name of statute | Nature of dues | Amount in Million | Period to which amount relates | Date of payment |
|---|---|---|---|---|
| Provident Fund Act, 1952 | Provident fund | 35.38 | FY 2022-23 | Not paid |
| Employee State Ins, 1948 | ESIC | 5.12 | FY 2022-23 | Not paid |
| Professional Tax | Professional tax | 4.52 | Earlier years and FY 2022-23 | Not paid |

| | | |
|---|---|---|
| (vii) | (b) According to the records of the Company, there are no dues referred to in sub-clause (a) above as at 31st March 2024, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below: | |

| Name of the statute | Nature of Dues | in Million | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax and interest | 19.18 | AY 2013-14 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax | 6.6 | AY 2017-18 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax | 6.29 | AY 2017-18 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax | 5.4 | AY 2017-18 | NFAC |
| Income Tax Act, 1961 | Income tax | 80.76 | AY 2018-19 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax and Interest | 200.25* | AY 2020-21 | CIT (Appeals) |

| Sl. No | Audit Observations | | | | | Management Comments |
|---|---|---|---|---|---|---|
| | Goods and Service Tax Act, 2017(Maharashtra) | Goods and Service Tax and Interest | 526.89 | FY 2017-2020 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017(RAJASTHAN) | Goods and Service Tax and Interest<br>Interest | 1.4 | FY 2017-2020 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (GOA) | Goods and Service Tax and Interest | 13.24 | FY 2017-2018 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017(KERALA) | Penalty | 5.71 | FY 2018-2019 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017(Bihar) | Goods and Service Tax and Interest | 1.95 | FY 2018-2019 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017(Bihar) | Goods and Service Tax and Interest | 1.14 | FY 2017-18 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Bihar) | Goods and Service Tax and Interest | 31.18 | FY 2020-21 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Delhi) | Goods and Service Tax and Interest | 7.96 | FY 2017-21 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 | Goods and Service Tax | 0.4 | FY 2018-19 | First Appellate Authority | |

| Sl. No | Audit Observations | | | | | Management Comments |
|---|---|---|---|---|---|---|
| | (Karnataka) | and Interest | | | | |
| | Goods and Service Tax Act, 2017 (Punjab) | Goods and Service Tax and Interest | 29.48 | FY 19-21 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Tamil Nadu) | Goods and Service Tax and Interest | 37.26 | FY 2018-19 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Tamil Nadu) | Goods and Service Tax and Interest | 138.15 | FY 2019-20 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Uttar Pradesh) | Goods and Service Tax and Interest | 51.49 | FY 2019-20 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (West Bengal) | Goods and Service Tax and Interest | 1.12 | FY 2018-19 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (West Bengal) | Goods and Service Tax and Interest | 84.13 | FY 2019-20 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Assam) | Goods and Service Tax and Interest | 5.45 | FY 2018-19 | First Appellate Authority | |
| | Goods and Service Tax Act, 2017 (Chandigarh) | Goods and Service Tax and Interest | 0.001 | FY 2018-19 | First Appellate Authority | |

| Sl. No | Audit Observations | Management Comments |
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|---|---|---|---|---|---|
| Goods and Service Tax Act, 2017 (Chhattisgarh) | Goods and Service Tax and Interest | 0.22 | FY 2019-20 | First Appellate Authority | |
| Goods and Service Tax Act, 2017 (Chhattisgarh) | Goods and Service Tax and Interest | 0.27 | FY 2020-21 | First Appellate Authority | |
| Goods and Service Tax Act, 2017 (Odisha) | Goods and Service Tax and Interest | 11.5 | FY 2019-20 | First Appellate Authority | |
| Goods and Service Tax Act, 2017 (Maharashtra) | Goods and Service Tax and Interest | 6.73 | FY 2020-22 | First Appellate Authority | |

**ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT**
**In respect of AI Engineering Services Limited**

(i) (a) i) The Company is in the process of updating its records showing full particulars including quantitative details and situations of tangible assets.

(i) (c) The title deeds pertaining to the immovable properties (except properties which are leased by the company with duly executed lease agreements in the company's favour) disclosed in the financial statements are not held in the name of the company.

| Description of property | Gross carry-ing value | Held in name of | Whether promoter, director or their relativ | Period held – indicate range, where appropriate | Reason for not being held in name of company* |
|---|---|---|---|---|---|

| Sl. No | Audit Observations | Management Comments |
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| | | | | e or em plo yee | | |
|---|---|---|---|---|---|---|
| **PPE** | | | | | | |
| a) Land | 208.54 | Air India Ltd. | No | 8.4.2022 | Refer Note no. 2.1 of financial Statements |
| b) Building | 2654.47 | Air India Ltd. | No | 8.4.2022 | Refer Note no. 2.1 of financial Statements |
| c) Jet 9D Test House | 10.42 | Air India Ltd. | No | 01.04.2019 | Refer Note no. 2.2 of financial Statements |

(ii)

(vii)

(a)As per information and explanations given to us, There is no system of Physical verification of inventory and there are negative balances in the inventory which has been adjusted from positive inventory value . We are unable to comment on the appropriateness of coverage and procedure of such verification by the management. Company has made provision of 50 Crore in the stocks in the previous year and there is no efforts to clarify or write off the inventory shown as asset with provision of write off. We are also unable to comment on the shortages if found, in the aggregate for each class of inventory and its consequential effect in the books of account.

(a) On the basis of our examination of the books of accounts, and records of the company, we have observed that the Company was regular in depositing

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>undisputed statutory dues including employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except TDS , GST and Provident Fund . Company has cleared all such undisputed dues by year end. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2024 of more than six months from the date they became payable are as below:<br><br>
<table>
<tr><th>Nature of Statutory Dues</th><th>Amount Outstanding for more than 6 months as on 31st March 2024 (Rs. in millions)</th></tr>
<tr><td>Goods and Service Tax</td><td>28.78</td></tr>
<tr><td>VAT</td><td>3.67</td></tr>
<tr><td>PF</td><td>9.09</td></tr>
</table>
<br>Statutory dues, if any, in respect of foreign business area not covered during the audit, since the record are maintained at the respective business areas which were not available for verification, we are unable to comment whether the dues have been deposited on a time basis.</td><td></td></tr>
<tr><td>(vii)</td><td>(b) According to information and explanations given to us, there are statutory dues which have not been deposited by Company on account of dispute.
<table>
<tr><th>S. No.</th><th>AY</th><th>TDS/ Income Tax</th><th>Demand Amount (millions)</th></tr>
<tr><td>1</td><td>2015-16</td><td>TDS</td><td>28.41</td></tr>
<tr><td>2</td><td>2016-17</td><td>TDS</td><td>44.60</td></tr>
</table></td><td></td></tr>
</table>

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | 3 \| 2017-18 \| TDS \| 63.38<br>4 \| 2018-19 \| TDS \| 184.58<br>5 \| 2019-20 \| TDS \| 323.77<br>**Total** \| **644.74**<br>*Interest u/s 220(2) on the above demand as on 31st March, 2024 will be ₹ 314.55 million. | |
| (viii) | There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).<br>However, prior period income to the tune of Rs. 149.22 million and last year Rs.175.66 million and has been booked in current year.<br>*(Refer note no. 24 to notes to accounts).* | |
| (xiv) | (a) Company does not have an internal audit system commensurate with the size and nature of its business. | |
| (xiv) | (b) The internal audit reports for the period under audit were not considered as they does not give any discrepancy or input on stock, physical verification of asset, ageing, debit credit balances of same parties, employees old balances etc. Compliance of the internal audit reports and audit committee findings needs lot of improvement. | |
| **ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT**<br><br>**In respect of Hotel Corporation of India Limited** | | |
| (i) | **Property, Plant & Equipment:**<br>(a) (A) The Company has generally maintained proper records showing full particulars, except for some Assets Wherein Quantity wise details of such Property, Plant and Equipment is not updated. | The physical verification of the PPE was conducted during the year 2023-24, the details of location quantity tagging etc. where ever unavailable is being updated for the year 2024-25. |
| (i) | (b) According to the information and explanations given to us and on the | |

| Sl. No | Audit Observations | Management Comments |
|---|---|---|
| | basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two years, the same was conducted during FY 2023-2024. ***Discrepancies were noticed relating to identification of assets in terms of location, quantity, tagging etc.*** | |
| (i) | (c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of ***four (4) residential flats in Sher –e- Punjab Society, Andheri (E), Mumbai*** the deed conveying / transferring the land and the said Building to society is not yet executed. Further these 4 flats have been illegally occupied by the **owner of adjacent Flat**. (Refer note 2A) | The Company is following up with the Society for execution of the conveyance deed transferring the land and building to the Society. The company is also taking appropriate legal action Civil /Criminal for evection of the illegal occupancy of the Flats. |
| (ii) | (a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management were appropriate based on the operation conducted.<br>Further as per prevailing practice of the Company, Consumption of stocks, stores, crockery, cutlery etc. is being worked out by adding opening balances to purchases and deducting therefrom Closing Stock based on Physical Verification and hence shortage, misuse, theft, wastage/pilferage etc. is not identified and shown as consumption. Closing Stock of | |

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>inventory are valued at 50% of the Cost of physical inventory held.</td><td></td></tr>
<tr><td>(vii)</td><td>Statutory dues<br>According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax (‘GST’), Employees’ State Insurance, Income Tax, Labour cess, Professional tax, Property tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities except Provident Fund. As explained to us, the Company did not have any dues on account of wealth tax and Custom duty.<br><br>(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax (‘GST’), Employees’ State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2024 except Provident Fund for a period of more than six months from the date they became payable.<br><br>(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:</td><td>The Provident fund amount could not be deposited due to Cash Flow issues during the year, However the Provident Fund dues have been deposited by Nov 2024.<br><br>The company has preferred appeals against the said demands/notices at respective forums and pursuing the matter.</td></tr>
<tr><td></td><td>
<table>
<tr><th>Nature of Statute</th><th>Nature of Dues</th><th>Amount in Dispute (₹</th><th>Period to which the amoun</th><th>Forum where dispute is pending</th></tr>
</table>
</td><td></td></tr>
</table>

| Sl. No | Audit Observations | Management Comments |
|---|---|---|

| | | in Mns) | t relates | |
|---|---|---|---|---|
| Luxury Tax | Tax | 2.18 | 2000-2001 | Additional Commissioner Sales Tax (Appeals) |
| | Less: Paid | (0.88) | | |
| | **Total** | 1.3 | | |
| Luxury Tax | Tax | 6.51 | 2000-2001 | Additional Commissioner Sales Tax (Appeals) |
| | Interest | 9.33 | | |
| | Penalty | 0.01 | | |
| | Less: Paid | (2.53) | | |
| | **Total** | 13.31 | | |
| Luxury Tax | Tax | 1.98 | 2002-2003 | Commissioner of Sales Tax (Appeals) |
| | Interest | 2.08 | | |
| | Penalty | 0.1 | | |
| | Less: Paid | (3.03) | | |
| | **Total** | 1.13 | | |
| Luxury Tax | Tax | 0.7 | 2002-2003 | Commissioner of Sales Tax (Appeals) |
| | Penalty | 0.01 | | |
| | Less: Paid | (0.63) | | |
| | Total | 0.08 | | |
| Service Tax | Tax | 2.76 | July 2012 to March 2013 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 5.11 | 2013-2014 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 6.07 | 2014-2015 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 7.83 | 2015-2016 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 7.86 | 2016-2017 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 0.68 | 2017-2018 (Up to June 2017) | Commissioner of Central Excise Appellate-II |

<table>
<tr><th>Sl. No</th><th>Audit Observations</th><th>Management Comments</th></tr>
<tr><td></td><td>
<table>
<tr><td>Service Tax</td><td>Tax</td><td>7.84</td><td>2010-2011 to 2013-2014</td><td>Commissioner of Central Excise Appellate-II</td></tr>
<tr><td>Service Tax</td><td>Tax</td><td>3.92</td><td>2014-2015</td><td>Commissioner of Central Excise Appellate-II</td></tr>
<tr><td>Service Tax</td><td>Tax</td><td>5.52</td><td>2015-2016</td><td>Commissioner of Central Excise Appellate-II</td></tr>
<tr><td>Service Tax</td><td>Tax</td><td>10.43</td><td>2016-2017 & 2017-2018</td><td>Commissioner of Central Excise Appellate-II</td></tr>
<tr><td rowspan="4">Provident Fund</td><td>Demand</td><td>22.29</td><td rowspan="4">2012-2013 to 2015-2016</td><td rowspan="4">Provident Fund Tribunal - Delhi</td></tr>
<tr><td>Interest</td><td>5.98</td></tr>
<tr><td>Less: Paid</td><td>(5.98)</td></tr>
<tr><td>Total</td><td>22.29</td></tr>
</table>
</td><td></td></tr>
<tr><td>(xiii)</td><td>Compliances of sections 177/188 of CO’s Act<br>As per the information and explanation given to us, the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of Section 177 (2) of the Act, which in turn results in non-compliance with section 177(iv) of the Act.<br>The Company has complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.</td><td>Independent Directors have not been appointed.<br><br>Statement of fact.</td></tr>
<tr><td>(xiv)</td><td>(b)Reports of Internal Auditors for the period under audit were considered by us and compliance of some observations were still pending which are operational in nature.</td><td>The observations of Internal Audit in respect of operations are ongoing in nature and the process improvement is under implementation / compliance.</td></tr>
</table>

**Annexure – B**

**Referred to in Paragraph 9.2(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, 2024.**

**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 2024 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

| Sl. No. | Audit Observations | Management Comments |
|---|---|---|
| 1 | **Management's Responsibility for Internal Financial Controls**<br>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**<br>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 | |

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| | 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.<br>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.<br>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 | |

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| 3 | **Meaning of Internal Financial Controls Over Financial Reporting with reference to Consolidated Ind – AS Financial Statements**<br>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<br>pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;<br>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<br>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**<br>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 | |

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| | **A In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 26th March 2025 has identified the following weaknesses:**<br>According to the information and explanation given to us and based on our audit, the following weaknesses have been identified as at 31st March, 2024. | |
| | **i.** The Company did not have an effective system for timely accounting of entries, to prevent duplicate/rectification accounting entries. Accounting books in SAP are not freeze as some entries are passed even after the signing of Balance sheet. Internal control for freeze of one year financial statement and passing of the entry rights are with one person which needs check to control by senior position person | |
| | ii. There should be maker checker process to have better control process. One single entry of Rs. 5,992.71 million (SAP Document No 8103013661) passed and then corrected by reversal which should have been check by the approval authority. 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**<br>A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, | |

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| | 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 28th February, 2025 has expressed qualified opinion** | |
| | According to the information and explanation given to us, the Company has undergone review of internal financials Controls over financial reporting. Based on the report received the company has adequate scope for improvement to strengthen its internal control 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 financial controls over financial reporting and whether such internal financial controls were fully operating effectively as at March 31, 2024 | |
| | **Material Weaknesses**<br>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, 2024 with regards to :-<br>Non-compliance of MSMED Act in respect of Interest provision; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances of Long outstanding ; Books of Accounts of past financial year are not freeze/locked; Manual maintenance of Inventory records and valuation thereof; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units in respect of tagging of assets and non-reconciliation between physical reports and Books of Account quantity wise; 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". | The weaknesses pointed out in the audit of IFCR are being looked into. Impact of Interest on delayed outstanding amounts payable to MSME vendors are disclosed under notes. The tagging and reconciliation of PPE with Physical verification is under process .The roles in Finance and Accounts department is being suitably examined for positioning, on FTC basis.<br><br>The Company has initiated steps to integrate the inventory in Tally, for the purpose, PMS software has been procured and installed which has built in integrated Inventory Management system. The same is under process and will be implemented for the year 2024-25. |

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| | **B. In respect of AI Airport Services Limited (Subsidiary)- vide their Auditor's Report Dated 03rd January, 2025 has expressed qualified opinion**<br>According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024: | |
| | a. Deficiencies in the design of internal control over the preparation of the financial statements being audited:<br>i. Detailed documented Standard Operating Procedures as required by the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by ICAI for critical processes are not in place.<br>ii. Authorization controls such as maker/checker controls in accounting and billing software needs further strengthening.<br>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.<br>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 property, plant & equipment 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. Wise Cargo software to account cargo handling and APEDA (Agricultural and Processed Food Products Export Development Authority) and ERP Accounting Software are not integrated | |
| | e. MBS software to raise invoices for IATA and ERP Accounting Software are not integrated | |

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| | f. No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipment & Others) | |
| | g. Records of procurement of material by MMD are not fully automated and maintained manually | |
| | h. Records of Ramp Assistance Form (RA Forms) issued are not fully automated and maintained manually | |
| | i. Due to suspension of ERP Accounting Software, the depreciation is calculated in excel | |
| | j. Non restoration of the suspended ERP accounting software led to IT controls not being tested | |
| | 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 | |
| C | **In respect of Alliance Air Aviation Limited (Subsidiary)- vide their Auditor's Report Dated 16th January, 2025 has expressed qualified opinion**<br><br>According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, a material weakness has been identified which indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year: | |
| | a. The audit of internal financial controls over financial reporting and review of the whistleblowers complaint have identified material weaknesses in the Company's procure-to-pay and HR processes. A whistleblower complaint revealed that a fraudulent payment was made to an SAP vendor based on forged documents, as confirmed by the internal auditor's verification report dated 11.07.2024. The internal committee formed by Company to investigate the matter has submitted its report to CEO and the vigilance department. Also, higher remuneration amounting to ₹ 0.21 Million was paid to the CFO for three months (January to March 2024) without Board approval, with the excess amount recorded as recoverable, pending investigation by the | Suitable disclosure has been made in Note No. 33 (b) of AAAL Standalone financial statements |

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| | vigilance department. Furthermore, the compliant also revealed that contracts were awarded by the CFO to certain parties on a nomination basis, deviating from Central Vigilance Commission guidelines. These issues highlight significant control deficiencies in the Company's procurement and remuneration processes | |
| | b. The audit of the Company's internal financial controls over financial reporting identified material weaknesses in inventory management processes, including the lack of integration between the LAMINAAR inventory system and the SAP accounting system, which necessitates manual data uploads, increasing the risk of errors. A technical glitch in LAMINAAR caused incomplete recording of inventory transactions in the prior year, with corrections made in the current year without comprehensive reconciliation. Additionally, the transition from the previous RAMCO system to LAMINAAR in FY 2022-23 was inadequately monitored, with delays in physical verification and reconciliation of inventory. Further, significant inventory shortages amounting to ₹46.99 million from prior periods and an additional ₹170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending. These weaknesses reflect deficiencies in the Company's controls over inventory accuracy and reconciliation processes | Suitable disclosure has been made in Note No. 30 (b) of AAAL Standalone financial statements<br><br>A Committee has been formed and the inventory verification report will be submitted to Auditors in FY 2024-25. |
| | The Company's internal financial control with regard to the whistleblower complaint and inventories as fully explained in the 'Basis for qualified opinion' of our main report, were not operating effectively, which could result in the Company not providing for adjustments, if any, that may be required to be made and its consequential impact on the financial statements | |
| | 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, Alliance Air Aviation 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 2024, 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, except as follows in case of Holding company: | |
| | - The company does not have documented policies and procedures in place for certain processes and documentation.<br>- The company does not have a formalized Delegation of Authority Matrix for certain transactions.<br>- Testing of Internal Financial Controls over Financial Reporting has not been carried out by any independent external expert after the financial year 2021-22. | |
| | 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 2024 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**<br>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. | |

## CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2024

**(₹ in million )**

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **I ASSETS :** | | | |
| **1 Non-current Assets** | | | |
| **(i)** Property, Plant and Equipment | **2** | 0.14 | 0.15 |
| **(ii)** Financial assets: | | | |
| a) Cash and Cash equivalents | **7** | - | - |
| b) Bank balances other than (a) above | **8** | 2,284.20 | 2,282.00 |
| c) Other Financial Assets | **4** | 114.00 | 114.00 |
| **(iii)** Deferred tax asset (net) | **5** | 3,760.44 | - |
| **Total Non-Current Assets** | | **6,158.78** | **2,396.15** |
| **2 Current Assets** | | | |
| **(i)** Financial assets: | | | |
| a) Cash and Cash equivalents | **7** | 9,295.60 | 7,734.79 |
| b) Bank balances other than (a) above | **8** | 2.20 | 2,100.00 |
| c) Other Financial Assets | **4** | 1,793.22 | 1,099.36 |
| d) Others- Recoverable from Air India Limited (AIL) | **3** | 2,689.08 | 2,720.85 |
| Current Tax Assets (Net) | **5** | 613.69 | 261.00 |
| **(ii)** Other Current Assets | **6** | 81.75 | 135.02 |
| **(iii) Total Current Assets** | | **14,475.54** | **14,051.02** |
| **3** Assets included in Disposal group held-for-sale | **9** | 1,40,366.75 | 1,38,223.44 |
| **Total Assets** | | **1,61,001.07** | **1,54,670.61** |
| **II EQUITY AND LIABILITIES :** | | | |
| **1 Equity** | | | |
| a) Equity Share Capital | **10** | 6,29,654.50 | 6,23,654.50 |
| b) Other Equity | **11** | 1,100.35 | 210.22 |
| c) Fund transferred to the then AIL over and above assets/liabilities received | | 6,30,754.85 | 6,23,864.72 |
| | **3** | (6,80,041.33) | (6,80,041.33) |
| **Total Equity** | | **(49,286.48)** | **(56,176.61)** |
| **2 Liabilities :** | | | |
| **(i) Non-current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | **12** | 1,49,850.00 | 1,49,850.00 |
| ii) Other Financial Liabilities | **13** | - | - |
| b) Provisions | **15** | - | - |
| **Total Non-Current Liabilities** | | **1,49,850.00** | **1,49,850.00** |

**(₹ in million )**

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| **(ii) Current Liabilities** | | | |
| a) Financial Liabilities | | | |
| i) Borrowings | **12** | - | - |
| ii) Trade Payables | **14** | | |
| (a) Total outstanding, dues of micro and small enterprises | | 0.87 | - |
| (b) Total outstanding, dues of creditors other than micro and small enterprises | | 4.91 | 3.74 |
| iii) Other Financial Liabilities | **13** | 5,113.14 | 5,096.93 |
| b) Provisions | **15** | 1,664.39 | 648.91 |
| c) Other Current Liabilities | **16** | 5.02 | 60.79 |
| **Total Current Liabilities** | | **6,788.33** | **5,810.37** |
| **3** Liabilities against assets included in disposal group held for sale | **17** | 53,649.22 | 55,186.85 |
| **Total Equity & Liabilities** | | **1,61,001.07** | **1,54,670.61** |

**Notes no. 1-51 forming integral part of the Financial Statement**

As per our report of even date attached

**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
Chairman and Managing Director
DIN 11001643

**Sd/-**
**Padam Lal Negi**
Director
DIN 10041387

**Sd/-**
**Rohtash Mohan**
Partner
M.No. 094292

**Sd/-**
**Rajiv Kapoor**
Chief Financial Officer

**Sd/-**
**Kavita Tanwar**
Company Secretary

Place: Delhi
Date: 27June 2025

## Consolidated Statement of Profit and Loss for the year ended March 31, 2024

**(₹ in million, except EPS )**

| | Particulars | Note No. | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|---|
| **I** | Revenue from Operations | | - | - |
| **II** | **Other Income** : | | | |
| | Rent from properties held for sale | **18** | 1,193.82 | 1,023.71 |
| | Other Misc. Income | **18.1** | 7,895.39 | 6,185.37 |
| **III** | **Total Income (I + II )** | | **9,089.21** | **7,209.08** |
| **IV** | **Expenses:** | | | |
| | Employee Benefit Expenses | **19** | 17.30 | 18.27 |
| | Finance Cost | **20** | 11,090.52 | 14,574.28 |
| | Depreciation & Amortization | **2** | 0.02 | 0.02 |
| | Other Expenses | **21** | 2,097.89 | 3,180.51 |
| **V** | **Total Expenses** | | **13,205.73** | **17,773.08** |
| **VI** | **Profit / (Loss) before exceptional items and Tax (III-V)** | | **(4,116.52)** | **(10,564.00)** |
| **VII** | Exceptional Items | | **-** | **-** |
| **VIII** | **Profit / (Loss) Before Tax (VI-VII)** | | **(4,116.52)** | **(10,564.00)** |
| **IX** | **Tax Expense** | | | |
| | 1. Current Tax | | - | - |
| | 2. Short/ (Excess) Provision of Tax | | | |
| | 3. Deferred Tax | | - | - |
| | | **5** | (3,760.44) | - |
| **X** | **Profit / (Loss) For the Year From continuing operations (VIII-IX)** | | **(356.08)** | **(10,564.00)** |
| **XI** | **Profit/(Loss) from the entity included in disposal group held for sale (Discontinued operations)** | **21A** | **2,833.80** | **8,100.04** |
| **XII** | **Tax expense of entities included in disposal group held for sale (Discontinued operations)** | **21A** | **1,500.92** | **2,513.55** |
| **XIII** | **Profit/(Loss) from the entity included in disposal group held for sale (after tax) (Discontinued operations)** | **21A** | **1,332.88** | **5,586.49** |
| **XIV** | **Profit/(Loss) for the year after tax (X+XIII)** | | **976.80** | **(4,977.51)** |
| | Other Comprehensive Income from Continuing operations | | - | - |
| | Other comprehensive income from Discontinued operations | **21A** | (76.00) | 32.72 |
| **XV** | **Total Other Comprehensive Income** | | **(76.00)** | **32.72** |
| **XVI** | **Total Comprehensive Income/(Loss) for the year (XIV+XV)** | | **900.80** | **(4,944.79)** |
| **XVII** | **Earning per Equity Share of Rs. 10 each** | **22** | | |
| | **From continuing operations** | | | |

| Particulars | Note No. | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|
| Basic (Rs.) | | **(0.01)** | **(0.17)** |
| Diluted (Rs.) | | **(0.01)** | **(0.17)** |
| **From discontinuing operations** | | | |
| Basic (Rs.) | | **0.02** | **0.09** |
| Diluted (Rs.) | | **0.02** | **0.09** |
| **From continuing and discontinuing operations** | | | |
| Basic (Rs.) | | **0.01** | **(0.08)** |
| Diluted (Rs.) | | **0.01** | **(0.08)** |

**Notes no. 1-51 forming integral part of the Financial Statement**

As per our report of even date attached

**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**Sd/-**
**Rohtash Mohan**
Partner
M.No. 094292

Place: Delhi
Date: 27 June 2025

For and on behalf of the Board of Directors

**Sd/-**
**Amit Kumar**
Chairman and Managing Director
DIN 11001643

**Rajiv Kapoor**
Chief Financial Officer

**Sd/-**
**Padam Lal Negi**
Director
DIN 10041387

**Kavita Tanwar**
Company Secretary

## Consolidated Cash Flow Statement for the year ended 31st March, 2024

### Accounting Policy

Cash flows are reported using the indirect method as set out in the Indian Accounting Standard 7 (IndAS-7) on "Cash Flow Statements", whereby profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated based on available information. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(₹ in million )**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **A Cash Flow From Operating Activities** | | |
| Net Profit / (Loss) Before tax | (4,116.52) | (10,564.00) |
| Adjustments for: | | |
| Depreciation / Amortisation | 0.02 | 0.02 |
| Finance Cost | 11,090.52 | 14,574.28 |
| Interest Income | 425.33 | 947.87 |
| Other adjustments * | 5,006.66 | (5,071.08) |
| **Operating profit before working capital changes** | **11,555.35** | **8,133.51** |
| (Increase) / Decrease in Trade Receivables | - | - |
| (Increase) / Decrease in Other Current & Non Current Assets | (4,835.90) | (3,693.22) |
| Increase / (Decrease) in Trade Payables | 0.87 | 2.77 |
| Increase / (Decrease) in other Current & Non current Liability | (577.14) | 2,891.63 |
| **Cash Generated from Operations** | **6,143.18** | **7,334.69** |
| Income Tax Paid (net of refund) | - | - |
| **Net Cash from Operating Activities** | **6,143.18** | **7,334.69** |
| **B Cash Flow From Investing Activities** | | |
| Acquisition of fixed assets | (0.01) | (0.13) |
| Interest Income on FDRs | 491.57 | 862.06 |
| Receipt of assets/investment in consideration of financial assistance to AIL | - | (2,523.07) |
| **Net Cash From Investing Activities** | **491.56** | **(1,661.14)** |
| **C Cash Flow From Financing Activities** | | |
| Proceeds from Borrowings | - | - |
| Proceeds from issue of Share Capital | 6,000.00 | - |
| Proceeds from Government Budgetary Support for repayment of Series-I Bond | - | 70,000.00 |
| Interest Expense | (11,073.92) | (14,761.96) |
| Repayment of Borrowings | - | (70,000.00) |
| **Net Cash From Financing Activities** | **(5,073.92)** | **(14,761.96)** |
| **Net (Decrease)/Increase in Cash and Cash Equivalents** | **1,560.81** | **(9,088.40)** |

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Add: Cash and Cash Equivalents at the beginning of the Year | 7,734.79 | 16,823.19 |
| **Cash and Cash Equivalents at the end of the Year** | **9,295.60** | **7,734.79** |
| **Component of Cash and Cash Equivalents** | | |
| Cash on hand | - | - |
| Balance in Current Account | 7.79 | 250.81 |
| Other Deposit Account | 9,287.81 | 7,483.98 |
| | **9,295.60** | **7,734.79** |

**Cash Flow Statement of Entities included in disposal group held for sale** (₹ in million )

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Net Cash Flow(Used in)/ from Operating Activities | (717.22) | 4,009.62 |
| Net Cash Flow used in Investing Activities | (229.02) | (1,436.65) |
| Net Cash Flow(Used in)/ from Financing Activities | 2,442.88 | (5,039.85) |
| Net Increase/ (Decrease) in Cash and Cash equivalents | 1,496.64 | (2,466.88) |
| Cash and Cash equivalents (Opening balances) | **1,076.20** | 3,543.09 |
| Cash and Cash equivalents (Closing balances)** | **2,572.84** | **1,076.20** |

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

** Cash & cash equivalent (closing balance) excludes cash & cash equivalent of entities included in disposal group held for sale amounting to ₹ 2,572.84 million.

**Notes no. 1-51 forming integral part of the Financial Statement**
As per our report of even date attached
**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**Sd/-**
**Amit Kumar**
Chairman and Managing Director
DIN 11001643

**Sd/-**
**Padam Lal Negi**
Director
DIN 10041387

**Sd/-**
**Rohtash Mohan**
Partner
M.No. 094292

**Sd/-**
**Rajiv Kapoor**
Chief Financial Officer

**Sd/-**
**Kavita Tanwar**
Company Secretary

Place: Delhi
Date: 27 June 2025

**Overview & Notes forming part of the Consolidated Financial Statements for the year ended 31st March, 2024**

## 1. OVERVIEW

### A. Corporate Information

The Consolidated Financial statements comprise financial statements of “AI Assets Holding Ltd “(the holding company) and its Four Subsidiaries (collectively, referred hereunder as the Group).

AI Assets Holding Limited, “the Company” (a 100% Government of India Company) is a special purpose vehicle company (SPV) incorporated in India on 22nd January 2018, registered under the provisions of the Indian Companies Act, 2013. The SPV Company is incorporated for the purposes of disinvestment of Air India, formed to warehouse accumulated identified Loans, identified Air India subsidiaries (not part of Air India strategic disinvestment), non-core assets, other non-operational assets of Air India Ltd, and the funds raised through the sale proceeds from the monetization of these AI assets and the company to raise funds through GOI serviced bonds for repayments of the identified Air India loans. The Registered office and the Headquarter of the company is situated at 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi 110003.

The Group provides Domestic Air Transport Services which include Passenger, Cargo Services and Ground Handling, Repairs/Maintenance/Overhaul Services of Airframe / Engines, Hotel Services and other related services. The aircraft fleet of the group consists of ATR.

The Consolidated Financial Statements for the year ended 31st March, 2024 have been approved by the Board of Directors of the Company in their meeting held on June 27, 2025.

### B Material Accounting Policies

A summary of the material accounting policies applied in the preparation of the consolidated financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the consolidated financial statements. It allows for an understanding as to how material transactions, other events and conditions are reported.

i) Compliance with Ind AS

The Consolidated Financial Statements of the group for the year ended 31st March 2024 have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**ii) Basis of Preparation & Presentation of Consolidated Financial Statements**

**a. Basis of Consolidation:**

The consolidated financial statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as "the Group"). Subsidiaries are entities controlled by the Holding Company. The Holding Company controls an entity when it is exposed or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The consolidated financial statements include the financial statements of following subsidiaries:

| S. No. | Name of the Subsidiaries* | Country of Incorporation | Proportion of ownership interest |
|---|---|---|---|
| 1 | AI Airport Services Ltd. (AIASL) | India | 100% |
| 2 | Alliance Air Aviation Ltd (AAAL) | India | 100% |
| 3 | AIEngineeringServicesLtd. (AIESL) | India | 100% |
| 4 | Hotel Corporation of India Ltd. (HCIL) | India | 80.38% |

The consolidated financial statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's standalone financial statements except otherwise stated, When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset.

As per the strategic disinvestment plan, these subsidiaries have been classified as discontinued operations and underlying assets and liabilities of these subsidiaries are included under Assets included in Disposal Group Held for Sale.

**b. Basis of preparation and presentation:**

The consolidated financial statements have been prepared and presented on going concern basis and under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

Presentation of assets and liabilities in the consolidated financial statement has been made based on current / non-current classification provided under the Companies Act 2013. The Group have no specific operating cycle; however, 12 months' period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial assets/liabilities.

**iii) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of

whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.
In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can asses at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**C. Use of Estimates, Judgements & Assumptions**

The preparation of the consolidated financial statements in conformity with IndAS requires the management of the Group to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the consolidated financial statements.

**D. Functional Currency**

Currency of the primary economic environment in which the Group operates (“the Functional Currency”) is Indian Rupee (₹) in which the Group primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹) The Consolidated Financial Statements are presented in Indian Rupee (₹) which is Group Presentation and Functional currency and all amounts disclosed in the

Consolidated Financial Statements and Notes have been rounded off to the nearest Million (up to two decimal), unless otherwise stated.

**E. New Standards, Interpretations and Amendments Adopted by the Company**

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

**F. Revenue Recognition (Continued & Discontinued operations)**

Revenue is recognized when control of goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Revenue is recognised in the Statement of Profit and Loss to the extent that it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably. Ind AS 115 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard introduced a five-step approach to revenue recognition:

- Identifying the contract;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating that transaction price to the performance obligations; and
- Finally recognizing the revenue as those performance obligations are satisfied.

**a. Passenger, Cargo and Mail Revenue**

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

**b. Blocked Space arrangements/Code share**

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

**c. Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)**

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

**d. Repair, Maintenance and Overhaul Services of Aircrafts/Engines**

Revenue from maintenance, Repair and Overhaul services (MRO Services) and Line Maintenance (technical handling) of Aircraft Engines and other Aircraft related services are recognized as under.

i. In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognized on the basis of actual Block Hours flown.

ii. In case of other contracts for Line Maintenance services, revenue is being recognized based on number of flights handled.

iii. Revenue from the training services is recognized when the training services has been initiated to provide.

**e. Ground Handling Services**

i. Ground handling services are recognized when the services are provided. Un-billed services at the end of each financial year, based on available data, are estimated and are recognized as revenue.

ii. In revenue arrangements with multiple performance obligations, the Company accounts for individual services separately if they are distinct – i.e. if a service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate services in the arrangement based on their stand- alone selling prices.

**f. Sale of rooms, food and beverages and allied services relating to hotels operations:**

i. Rooms, Food and Beverage & Banquets: Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognized once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer. Credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

ii. **Space and shop rentals:** Rentals basically consist of rental revenue earned from letting of spaces for retails and office at the properties. Theses contacts for rentals are generally of short terms in nature. Revenue is recognized in the period in which services are being rendered.

iii. **Other allied services**: In relation to laundry income, communication income, health, club income and other allied services, the revenue has been recognized by reference to the time of service rendered. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

**g.** Revenue grants received from Government with conditions and obligations has been accounted for as income approach showing grant as income to the extent grant fund used and matched with associated expenses, which the grant is intended to compensate. However, if the grants are in the nature of promoters' contribution, the same will be credited directly to the Shareholder's Fund as per capital approach. Further, interest earned and accrued on the grant funds shall also be categorised as grant fund.

**h.** Interest income is recognized on a time proportion basis as per effective interest rate.

**i.** Rental and Maintenance Income:- Revenue in respect of rental and maintenance services is recognized on an accrual basis, in accordance with the terms of the respective contract as and when the Company satisfies performance obligations by delivering the services as per contractual agreed terms.

j. Revenue from sale of properties is recognized at the Point in Time w.r.t. sale of real estate units, including land, plots, apartments, commercial units etc. as and when the control passes on to the customer which coincides with handing over of the possession to the customer. However, Cost of constructed properties includes cost of land (including cost of development rights/ land under agreements to purchase), estimated internal development costs, external development charges, borrowing costs, overheads, construction costs and development/ construction materials, which is charged to the statement of profit and loss based on the revenue recognized as explained above in consonance with the concept of matching costs and revenue.

k. The claim receivable from Insurance Company is accounted for on the acceptance by the Insurance Company of such claims.

l. Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

m. Scrap sales, reimbursement from employees availing medical, educational and other leave without pay, claims of interest from suppliers, other staff claims and lost baggage claims, are recognized on cash basis.

n. Other Operating Revenue is recognized when goods are delivered or services are rendered.

o. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to statement of profit & loss as non-operating revenue or other expenses.

p. Credit notes received are recognized on acceptance of claim/receipt of credit note.

## G. Leases

The Group has applied practical expedient for calculation of Lease Liability i.e. use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

### i. As a lessee:

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

i. The contract involves the use of an identified asset,

ii. The Group has substantially all of the economic benefits from use of the asset through the period of the lease and

iii. The Group has the right to direct the use of the asset.

For the short-term, low-value leases and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other

party with no more than an insignificant penalty, the Group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**ii. As a Lessor:**

Leases for which the Group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease, transfers substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

**iii. Right of Use Assets (ROU)**

**a. Initial Recognition and Measurement:**

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes an amount equal to the lease liabilities, any lease payments made before commencement date, any Indirect cost, an estimate of cost to be incurred in respect of Re-delivery obligations, less any incentives received from the equipment manufacturer in the terms of lease. **b. Subsequent Measurement:**

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses. ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications. ROU Assets will be subject to impairment as per Policy stated.

**iv. Lease Liabilities**

**a. Initial Recognition and Measurement:**

At the commencement date the company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liability includes Lease Rentals, Payment of Penalties for termination of lease if lease term reflects the company exercising the option to terminate and less, any incentives receivable. The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate.

Incremental Borrowing Rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU Assets in a similar economic environment.

**b. Subsequent Measurement:**

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is

lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

**v. Lease Term:**

At the commencement date, the company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend and terminate the lease, if company is reasonably certain at commencement date to exercise the extension or termination option.

**vi. Depreciation:**

Depreciation on assets held as ROU is charged to Statement of Profit and loss on straight line basis from the commencement date to the earliest of the end of useful life of the ROU Asset or end of lease term.

**vii. Other Leases:**

Lease payments associated with any other lease which falls outside the purview of Ind AS 116, short-term leases (leases with a term of twelve months or less) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**viii. Provision for Re-delivery**

The group has in its fleet, aircrafts on lease. As contractually agreed under the lease contracts, the aircrafts have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

**ix. Manufacturer's Credit (Cash & Non-Cash Incentives):**

Manufacturer Credit means cash incentives & non-cash-based incentives in the form of any rebates, discounts, incentive payments, and other credits which are provided by OEM (Original Equipment Manufacturer) and subsequently passed on to the customer by the Lessor at the time of Lease Agreement.

**a. Cash incentives:**

The group receives incentives from OEM (Original Equipment Manufacturer) or the Lessor in connection with acquisition of aircraft under lease. These incentives are recorded as reduction to the carrying amount of Right to Use Assets at the commencement of lease of the respective aircraft or aircraft components.

**b. Non-cash incentives:**

Non-cash incentives are recorded as and when due to the group by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and aircraft components in case of owned aircrafts. In case of aircrafts held under leases, the incentives are recorded as reduction to the carrying amount of right to use assets at the commencement of lease of the respective aircraft or aircraft components taken on lease.

**H. Impairment of Non Financial Assets**

The Group assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36 by estimating the "recoverable amount" of the asset. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-inuse) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

**I. Foreign Currency Transactions and Translations:**

a. Foreign Currency Monetary Items

i. Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii. Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

b. Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

## J. Contract Balances

### i. Contract Assets

A contract asset is the right to consideration in exchange for services rendered to the customer. If the company performs by rendering of services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration including Trade receivables

### ii. Contract Liabilities

A contract liability is the obligation to render services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract including advance received from customer

### iii. Refund Liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities at the end of each reporting period

## K. Threshold Limit

The Company has adopted following materiality threshold limits in the classification of expenses/incomes and disclosure:

**In case of Holding Company:**

| Threshold Items | Unit | Threshold Value |
|---|---|---|
| Prior Period Expenditure / Revenue | Million | 10.00 |
| Fair Valuation of Financial Instruments | Million | 50.00 |
| Expenditure and/or procurement of Property, Plant and Equipments | INR | ₹ 5,000.00 |

**In case of AIESL:**

| Threshold Items | Unit | Threshold Value |
|---|---|---|
| Prior Period Expenditure/Revenue | | |
| - Restatement based on individual limits | ₹ in million | 80.00 |
| - Restatement based on overall limits | 1% of Total Revenue of previous financial year | |
| Fair Valuation of Financial Instruments | ₹ in million | 80.00 |
| Procurement of Property, Plant and Equipments | INR | ₹ 5,000.00 |

**In case of AAAL:**

| Threshold Items | Unit | Threshold Value |
|---|---|---|
| Prior Period Expenditure/Revenue | | |
| - Restatement based on individual | ₹ in million | 15.00 |
| - Restatement based on overall limits | 1% of Total Revenue of previous financial year | |
| Prepaid Expenses | ₹ in million | 0.01 |
| Foreign Stations | ₹ in million | 0.05 |
| Domestic Stations | ₹ in million | 0.01 |
| Contingent Liability & Capital Commitments | ₹ in million | 0.10 |
| Fair Valuation of Financial Instruments | ₹ in million | 5.00 |
| Procurement of Property, Plant and Equipments | INR | ₹ 0.00 |

## Consolidated Statement of Changes In Equity For The Year Ended 31 March, 2024

**(₹ in million )**

| A. Equity Share Capital | As at 31 March, 2024 | As at 31 March, 2023 |
|---|---|---|
| Balance at the beginning of the reporting year | 6,23,654.50 | 6,23,654.50 |
| Changes in equity share capital due to prior period errors | - | - |
| Restated balance at the beginning of the current reporting period | - | - |
| Changes in equity share capital during the year: | | |
| Add: Equity Shares allotted during the year | 6,000.00 | - |
| Less: Buyback | - | - |
| **Balance at the end of reporting year** | **6,29,654.50** | **6,23,654.50** |

**(₹ in million )**

| Particulars | Other Equity | | Total equity attributable to equity Holders of the company |
|---|---|---|---|
| | Reserves and Surplus | Other comprehensive income - Reserve | |
| | Retained Earnings | Remeasurement of defined benefit plans | |
| **Balance as at 31 March 2023** | (10,525.54) | - | **(10,525.54)** |
| Effect of Deferred Tax Asset of earlier years | - | - | **-** |
| Profit for the Year | 900.80 | - | **900.80** |
| Other Comprehensive Income/(loss) | - | - | **-** |
| **Balance as at 31 March 2024** | (9,624.74) | - | **(9,624.74)** |
| Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2024 | (6,80,041.33) | - | **(6,80,041.33)** |
| **Balance as at 31 March 2022** | (5,580.75) | - | **(5,580.75)** |
| Effect of Deferred Tax Asset of earlier years | - | - | **-** |
| Profit for the Year | (4,944.79) | - | **(4,944.79)** |
| Other Comprehensive Income/(loss) | - | - | **-** |
| **Balance as at 31 March 2023** | (10,525.54) | **-** | **(10,525.54)** |
| Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2023 | (6,80,041.33) | - | (6,80,041.33) |

**Notes no. 1-51 forming integaral part of the Financial Statement**

As per our report of even date attached
**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**Sd/-**
**Rohtash Mohan**
Partner
M.No. 094292

Place: Delhi
Date: 27 June 2025

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar Padam**
Chairman and Managing Director
DIN 11001643

**Sd/-**
**Rajiv Kapoor**
Chief Financial Officer

**Sd/-**
**Lal Negi**
Director
DIN 10041387

**Sd/-**
**Kavita Tanwar**
Company Secretary

## Notes to Consolidated Financial Statements for The Year Ended March 31, 2024

## NOTE 2: PROPERTY, PLANT & EQUIPMENT

### Accounting Policy

a. The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the year in which the costs are incurred

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and Loss.

b. Physical Verification of Assets:

The Physical Verification of Assets will be done biennially on a rotational basis and the discrepancies, if any, observed in the course of the verification are adjusted in the year in which report is submitted and got approved from appropriate authority.

### DEPRECIATION / AMORTIZATION

**a.** Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed under Schedule II of the Companies Act 2013, keeping a residual value of 5% of the original cost.

However, in the case where life of the Property, Plant and Equipment, has not been prescribed under Schedule II of the Companies Act 2013 the same will be determined by management through technically qualified persons.

**(₹ in million )**

| Particulars | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | As at April 01, 2023 | Additions | Other Adjustments | Disposals / Adjsutments | As at March 31, 2024 | As at April 01, 2023 | For the year | Deductions / Adjsutments | Total Upto March 31, 2024 | As at March 31, 2024 | As at March 31, 2023 |
| **TANGIBLE ASSETS :** | | | | | | | | | | | |
| **a) Office Equipment** | 0.04 | 0.01 | - | - | 0.05 | 0.01 | 0.01 | - | 0.02 | 0.03 | 0.03 |
| **b) Computer & Printers** | 0.02 | - | - | - | 0.02 | 0.00 | 0.00 | - | 0.00 | 0.02 | 0.02 |
| **c) Furniture & Fixture** | 0.11 | - | - | - | 0.11 | 0.01 | 0.01 | - | 0.02 | 0.09 | 0.10 |
| **TOTAL FOR TANGIBLE ASSETS** | **0.17** | **0.01** | **-** | **-** | **0.18** | **0.02** | **0.02** | **-** | **0.04** | **0.14** | **0.15** |
| **PREVIOUS YEAR** | 0.04 | 0.13 | - | - | 0.17 | 0.00 | 0.02 | - | 0.02 | - | **0.15** |

## NOTE 2.1

## PHYSICAL VERIFICATION AND RECONCILIATION:

As per the policy of the Company, physical verification of property, plant & equipment (PPE) has been conducted by the management during the year 2023-24 and no discrepancy on physical verification has been found.

| Sl. No. | Particulars | Non - Current | | Current | |
|---|---|---|---|---|---|
| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| **A** | **Opening balance (Funds transferred to the then AIL over and above assets/liabilities received)** | 6,80,041.33 | 6,77,518.25 | | |
| **B** | **ASSETS/MONETIZATION PROCEEDS/LIABILITY TRANSFERRED BYTHE THEN AIL TO THE COMPANY** | | | | |
| i | Recoverable from DRDO by the then AIL transferred to the Company (Refer Note No. 3.3) | - | 41.70 | - | - |

| Sl. No. | Particulars | Non - Current | | Current | |
|---|---|---|---|---|---|
| | | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| ii | Amount withheld against Provision for 6 aircraft maint. Given short in flying condition ($40 Million) (Refer Note No. 3.4) | - | (2,564.78) | - | - |
| | **Value of assets/liabilities transferred by the then AIL (B)** | **-** | **(2,523.08)** | | |
| | **Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A+B)** | **6,80,041.33** | **6,80,041.33** | **-** | |
| | | | | | |
| **C** | Air India Limited Reconciliation A/c (Refer Note No - 3.5) | - | - | 2,689.08 | 2,720.85 |
| | **Net Recoverable from Air India Limited** | - | - | **2,689.08** | **2,720.85** |

**Note 3.1:** The above data are based on the information provided by the AIL to the Company and the excess amount transferred by the Company over the assets/liabilities received amounting to ₹ 6,80,041.33 million (Previous Year ₹ 6,80,041.33 million) has been grouped under the "other equity".

**Note 3.2:** AIL is yet to provide the details of remaining assets and liabilities (other than above), if any,to be transferred by the then AIL, as per government decisions relating to disinvestment. Further, AIL has not provided the breakup of the above balance amount and the details of current assets equal to current liabilities etc.

**Note 3.3:** AIL has also transferred a recoverable from DRDO by the then AIL amounting to ₹ 2,657.43 million in FY 2021-22 against which the Company has received ₹ 1,611.76 million from AIL during the financial year 2021-22. However, in addition to the above, AIL has also informed vide email dated 27th October 2022 of further receivable of ₹ 41.70 million to the Company.
Against the recoverable from DRDO the company has received Rs. Nil in the FY 2023-24 (Previous Year ₹ 605.66 million). Further, an email dated 3rd August 2023 received from Dy Head MMG (DRDO) for levy of ₹ 318.35 million for liquidated damages against the above recoverable. The company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023. (Refer Note No. 23.i.e)

**Note 3.4:** As per AIL letter/email dated 23rd September 2022, it has been stated that in terms of Share Purchase Agreement (SPA), signed between the then AIL and M/s Talace Private Limited (SP), the then AIL was obliged to provide 58 aircraft of A320 family in an airworthy condition out of which not more than 5 aircraft are grounded for schedule maintenance. However as on the date of transfer of ownership, AIL could hand over only 52 A320 aircraft, as against 58 A320 aircraft. The engineering department of the then AIL has estimated expenditure of ₹ 3,000 million to be incurred for recovery of these 6 A320 aircraft in airworthy condition and accordingly to that

extent the then AIL has retained this estimated amount as on 31st March 2022. Since the actual expenditure against estimated amount of ₹ 3,000 million withheld by the then AIL was not known hence the same is shown under current assets in the books of the Company in FY 2023-24.

The Company has received details of total expenditure of ₹ 2,564.77 million from AIESL as under:

| | | |
|---|---|---|
| **i** | Towards five engines: | |
| **1** | Material consumed | ₹ 1,923.22 million* |
| **2** | Manhour cost | ₹ 74.26 million |
| **3** | Freight charges & custom duties | ₹ 162.74 million |
| **ii** | Airframe- Manhour cost | ₹ 404.55 million |
| | **Total** | **₹ 2,564.77 million** |

*USD 25.22 million @ average exch. rate of ₹ 76.27

The average FEDAI rate, prevailing closer to the date of delivery of aircraft has been taken for conversion of USD amount into INR. In view of the above recoverable amount has been adjusted to the extent of above stated amount and balance ₹ 435.22 million is recoverable from AIL out of total amount withheld by AIL for the said purposes.

**Note 3.5:** Regarding balance confirmation from AIL, against the net recoverable of ₹ 2,689.08 million (Previous Year ₹ 2,720.85 million) AIL has confirmed ₹ 1,422.61 million (Previous Year ₹ 1,494.70 million) as payable by the company to the AIL. However, the company is not in agreement with the balance shown/confirmed by AIL. The reconciliation of the same with AIL is under process. Details of recoverable from AIL in the books of the company is as under:-

**(₹ in million)**

| No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| **Amount Recoverable from AIL (A)** | | | |
| 1 | Recovery towards 6 Aircraft Maint. (Refer Note No. 3.4) | 435.22 | 435.22 |
| 2 | Rent Receivable | 560.61 | 404.33 |
| 3 | Garnishment of Fund by IATA (Refer Note No 3.6) | 1,322.93 | 1,322.93 |
| 4 | Recoverable From AIL for Aircraft Sale to DRDO (Refer Note No-3.3) | 481.71 | 481.71 |
| 5 | Recoverable From AIL for Scrappage of Assets | 0.09 | 0.09 |
| 6 | Recovery towards PSS (AMADUS) implementation fee (Refer Note No 3.7) | 309.61 | 309.61 |
| 7 | Revenue Share of AIASL Recoverable From AIL | 1,115.99 | 1,115.99 |
| 8 | Monetization Proceeds Recoverable | 7.97 | 6.15 |
| **Total Recoverable (A)** | | **4,234.13** | **4,076.03** |
| **Amount Paybale to AIL (B)** | | | |

| No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| 1 | Provision towards Medical Bills claimed by AIL (Refer Note No. 3.9) | 1,305.04 | 1,305.04 |
| 2 | Property Maintenance & Provision for Expenses (Insurance, Security Services, Property Tax etc.) | 240.01 | 50.14 |
| **Total Payable (B)** | | **1,545.05** | **1,355.18** |
| **Net Recoverable from AIL (A-B)** | | **2,689.08** | **2,720.85** |

**Note 3.6:** As per the email written by the then AIL dated 14th January 2022 to the GoI, AIL has transferred its recoverable amount of ₹ 1,322.93 million against garnishment of funds by IATA in Devas Case which is a matter under litigation with GoI as party. Devas (Mauritius) Ltd, Devas Employees Mauritius Pvt Ltd, Telecom Devas Mauritius Ltd are the companies incorporated in Mauritius and are shareholders in Devas Multimedia Private Limited (Devas). In 2005, Devas signed an agreement with Antrix (a GoI Company under the Department of Space), wherein it leased transponder capacity on two satellites to be built by the latter.

In 2012, Mauritius Entities commenced arbitration against India and Mauritius Bilateral Agreement and arbitral award of 2020 in this matter was granted in favor of the Mauritius entities. The petitioners treated AIL as “alter ego” of the Indian Government and adjudging AIL should be jointly and severally liable for the amount and the Supreme Court of the provinces of Quebec, passed an ex-parte garnishment order on IATA. Under this garnishment order, all the collection of Air India, on global basis, settled by IATA, were required to be garnished and not paid to Air India, with regard to the litigation of Devas with Government of India. The exparte garnishment was challenged by AIL through its counsel in Canada and the Supreme Court of Quebec passed an order on 8th January, 2022 whereby the garnishment amount was reduced to 50% of the collections and the final decision on this matter was pending.

Subsequently, the application for leave to appeal from the judgment of the Court of Appeal of Quebec (Montréal), Number 50009029888-229, 2022 QCCA 1264, dated September 20, 2022, has been dismissed by Supreme Court of Canada vide Order dated 11 May 2023 in favor of AIL. The company has requested vide email dated 14th October 2023 to AIL to confirm and remit the amount received by AIL to the Company. On receipt of confirmation of amount from AIL the necessary accounting entries shall be made. Further, in terms of GoI letter ref. 17046/15/2020-AI dated 31st March 2022 liability or any further sums as may be necessary to be paid on the basis of the final order of Superior Court, Quebec, Canada for which the accounting impact will be given on receipt of the amount from AIL in the financial year in which it is received.

**Note 3.7**: As per the letter dated 17th September 2022 provided by the AIL, the then AIL had provided a liability of ₹ 309.61 million towards implementation cost payable to AMADEUS, the amount is payable even if AIL decides to terminate the contract. Such provision against the commitment made in January 2022 by the then AIL is routed through “Recoverable from AIL”. However, the Company has not accepted such amount withheld by AIL. The Company has conveyed vide email dated 05th September 2023 to AIL that this amount withheld by AIL is recoverable from AIL as the company is using such software and is subject to further discussion.
**Note 3.8**: Further, AIL vide its credit note no. 3 dated 31st March 2022 has claimed ₹ 2,244.48 million towards the interest on 9.08% NCDs Bonds of the then AIL period prior to 1st October 2018. The Company has disputed this credit note amounting to ₹ 2,244.48 million as there is no

mandates available for the payment of interest prior to 1st October, 2018 of the identified debts of the then AIL. However, AIL is contesting that interest on identified debts i.e. NCDs is payable by AIAHL against interest due for payment (actual payment) i.e. interest for the period last due before 1st October 2018 to till immediate due date after 1st October 2018 shall be considered for the interest reimbursement instead of calculating from 1st October 2018 to immediate due date after 1st October 2018. The AIL has adjusted ₹ 2,244.48 million in two part viz. ₹ 955.91 million interest in its RFATR a/c and ₹ 1,288.57 million in its AIL Settlement A/c for which there is no mandate of the GoI hence the Company has not accepted the adjustment. However, in FY 2021-22, the Company had adjusted the above said recoverable from AIL from adhoc payment received from the then AIL of ₹ 5,500.00 million.

**Note 3.9**: As per the decision of Government of India (MoCA) vide letter dated 16th February, 2022 (File No. 17046/65/2-19-AI) a scheme has been approved for providing medical facilities to the eligible permanent retired/retiring beneficiaries of AIL including eligible permanent employees of AI Engineering Services Limited (AIESL) and AI Airport Services Limited (AIASL) post disinvestment.

In line with the said scheme, the Company has remitted to CGHS on account of the annual subscription charges for the financial year 2023-24. Further, in the FY 2022-23, AIL has raised claims of ₹1,813.31 million against medical facilities provided by AIL to retired employees, for the period from the date of disinvestment i.e. 27th January 2022 to 31st December 2022. The above claims include ₹ 36.43 million which has not been accepted & accounted for by the Company as these claims pertain prior to the above stated period. Further, the above claim also include ₹ 588.60 million for which bills/supporting documents is yet to be provided by AIL to the Company. However, the liability for the said amount has been provided in anticipation that AIL will provide the supporting documents before reimbursement of the said amount to AIL by the Company. Out of the remaining claim of ₹ 1,188.28 million, claims for amounting to ₹ 560.38 million have been paid to AIL in FY 2022-23 and remaining are in the process of verification and on completion of the said process accounting impact of excess/short found, if any, will be adjusted.

## NOTE 4: OTHER FINANCIAL ASSETS

**(₹ in million)**

| **Particulars** | **Non - Current** | | **Current** | |
|---|---|---|---|---|
| | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2024** | **As at March 31, 2023** |
| Security Deposits | | - | 0.01 | 0.01 |
| Interest Accrued but not due on FDs | | - | 69.92 | 136.16 |
| Other (Imprest & Advances) | | - | 0.11 | 0.08 |
| Prepaid Expenses | | - | 505.70 | 415.56 |

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Rent Receivable | | - | 682.73 | 98.88 |
| Advance Paid to MADC for MRO Nagpur Land (Refer Note No 4.1) | 114.00 | 114.00 | - | - |
| Grant-in-aid from GoI (Refer Note No 4.2) | | - | 533.52 | 447.45 |
| Other Recoverable | | - | 1.23 | 1.23 |
| **Total** | **114.00** | **114.00** | **1,793.22** | **1,099.36** |

**Note 4.1:** The then AIL had paid ₹ 114.00 million to M/s. Maharashtra Airport Development Company Ltd. (MADCL), Nagpur for acquiring 19 acres of land adjacent to MRO Nagpur on 99 years lease period. The said advance by the then AIL has been transferred to the Company. AIAHL Board in its 20th Board meeting held on 23rd June 2021 approved “in principle”, the transfer of the 19 acres of land adjacent to the MRO at Nagpur to AIAHL as a Co-developer. As per the copy of the letter dated 7th December 2020 provided by AIL, MADCL has been requested to transfer the allotment in the name of the Company (AIAHL) and the same is under process.

**Note: 4.2:** Summary of grant received by the Company and its utilization during the financial year 2023-24 are as under: - **(₹ in million)**

| S. No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| **A** | **Opening Un-spent Grant-in-aid** | **(447.44)** | **450.00** |
| 1 | Grant received during the year | | |
| i. | Budgetary support/ Grants received by the Company from Min. of Civil Aviation, GOI Redemption of Series-1 6.99% NCDs issued by AIAHL | - | 70,000.00 |
| ii. | Interest expense of Bonds | 6,500.00 | 2,000.00 |
| iii. | For Medical Expenses of Eligible Retirees | 510.00 | 1,250.00 |
| iv. | One time subscription charges received from eligible retired employees | 106.73 | 110.98 |
| v. | Interest earned on grant funds* | 31.71 | 2.10 |
| **B** | **Total** | **7,148.44** | **73,363.08** |

| S. No. | Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|---|
| **2** | **Utilization of the Grants** | | |
| i. | Redemption of Series-1 6.99% NCDs issued by AIAHL | - | 70,000.00 |
| ii. | Interest expenses of AIAHL bond | 6,500.00 | 2,000.00 |
| iii. | Medical Expenses | 734.51 | 2,260.52 |
| **C** | **Total** | **7,234.51** | **74,260.52** |
| **Net Unspent/(receivable) Grant in Aid (A+B-C)** | | **(533.51)** | **(447.44)** |

* Previous year interest is only on Medical grants

**NOTE 5: INCOME TAXES**

**Accounting Policy**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized in respect for carry forward tax losses, un- availed tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be adjusted. Deferred tax assets unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized. Significant management judgment is required to determine the probability of deferred tax asset.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified

period, i.e., the period for which MAT credit is allowed to be carried forward. In such year the Company recognizes MAT credit as a deferred tax asset. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recoup all or part of the asset.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Income tax expense in the statement of Profit and Loss comprises:

**(₹ in million)**

| **Particulars** | **2023-24** | **2022-23** |
|---|---|---|
| Current Tax | **-** | - |
| Deferred Tax | (3,760.44) | - |
| **TOTAL** | **(3,760.44)** | **-** |

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

**(₹ in million)**

| **Particulars** | **For the year ended 31 March 2024** | **For the year ended 31 March 2023** |
|---|---|---|
| Profit / (Loss) before tax | (4,116.52) | (10,564.00) |
| Effective Income Tax Rate | 25.17 | 25.17 |
| Loss brought forward | 16,028.08 | 10,515.91 |
| Income Tax Expenses | - | **-** |

The details of income tax assets and income tax liabilities as at March 31, 2024 and March 31, 2023:

**(₹ in million)**

| **Particulars** | **Non – Current** | | **Current** | |
|---|---|---|---|---|
| | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2024** | **As at March 31, 2023** |
| Tax Deducted at Source | - | - | 589.07 | 242.54 |
| Advance Self Assessment Tax | - | - | - | - |
| Less: Provision for Tax | - | - | - | - |
| Income Tax Recoverable for AY 2022-23 | - | - | 24.62 | 18.46 |
| **Total** | **-** | **-** | **613.69** | **261.00** |

**Note 5.1: Deferred Tax Assets/Liability:**

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

The company has evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with Ind AS 12 “Income Taxes” Deferred Tax assets / Liabilities have been created.

**(₹ in million)**

| **Particulars** | **As at March 31st, 2024** | **As at March 31st, 2023** |
|---|---|---|
| **Deferred tax liabilities on account of (DTL)** | | |
| Depreciation | - | - |
| **Total deferred tax liability (A)** | **-** | **-** |
| **Deferred tax asset on account of (DTA)** | | |
| Unabsorbed depreciation & losses | 3,760.44 | - |
| 40A(i) 30% expense | - | - |
| Other tax disallowances | - | - |
| Provision for employee benefits | - | - |
| **Total deferred tax asset (B)** | **3,760.44** | **-** |
| **Net deferred tax asset (A-B)** | **3,760.44** | **-** |

**NOTE 6: OTHER CURRENT ASSETS**

**(₹ in million)**

| **Particulars** | **Non - Current** | | **Current** | |
|---|---|---|---|---|
| | **As at March 31, 2024** | **As at March 31, 2023** | **As at March 31, 2024** | **As at March 31, 2023** |
| **GST ITC Balance** | - | - | 81.44 | 134.77 |

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| **Other** | - | - | 0.31 | 0.25 |
| **Total** | **-** | **-** | **81.75** | **135.02** |

## NOTE 7: CASH AND CASH EQUIVALENTS

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Cash and Cash Equivalents** | | |
| Cash on hand | - | - |
| Balance with Bank : | | |
| Current Account | 7.79 | 250.81 |
| Fixed Deposits less than 3 months* | 9,287.81 | 7,483.98 |
| **Total** | **9,295.60** | **7,734.79** |

* The fixed deposits with banks can be withdrawn by the Company at any point of time.

## NOTE 8: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

**(₹ in million)**

| | Non - Current | | Current | |
|---|---|---|---|---|
| Particulars | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 23.iil) | 2,284.20 | 2,282.00 | - | - |
| Other Fixed Deposits (Refer Note No - 8.2) | - | - | 2.20 | 2,100.00 |
| **Total** | **2,284.20** | **2,282.00** | **2.20** | **2,100.00** |

**Note 8.1:** Earmarked balances as FD represents Fixed deposits with State Bank of India in Escrow Account. Fixed Deposits in Escrow Account and other FDs are having tenure of less than 3 months.

**Note 8.2:** Other Fixed Deposits include monetization proceeds, rentals etc. from AIL received in Escrow account parked in Fixed Deposits having maturity period of less than 12 months..

## NOTE 9: ASSETS INCLUDED IN DISPOSAL GROUP HELD-FOR-SALE

**Accounting Policy**

**A. In case of Properties:**

Assets included and identified for sale / divestment purposes are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use and are measured at the lower of carrying amount and fair value less costs to sell. The same are measured at the lower of carrying amount and fair value less cost to sell except for assets such as deferred tax assets, assets arising from employee benefits, financial assets which are specifically exempt from this requirement. No depreciation is provided, while the asset is classified as held for sale. The assets held for sale and assets of a disposal group classified as held for sale are presented separately from the other assets in the Balance sheet and the liabilities of a disposal group classified as held for sale are presented separately from the other liabilities in the Balance sheet. A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

**B. In case of Others:**

**I. Property, Plant and Equipment**

**a. Initial Recognition and measurement**

The cost of an item of property, plant and equipment is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably. An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost. The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

**b. Subsequent Recognition and Measurement**

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

The Group has adopted Cost Model as per Ind-AS 16 “Property Plant and Equipment” and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

**II. Capital Work in Progress**

Assets in the course of construction are capitalized in capital work in progress account. At the point when the asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment.

**III. Depreciation / Amortization**

a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the management at each year end.

b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013 the same have been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder:

1. Aircraft Rotables are depreciated over the residual average useful life of the related ‘aircraft fleet’ from the relevant year of purchase.
2. Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.
3. Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.
4. Cost incurred on major modifications/refurbishment on modernization/conversion carried to be depreciated over the useful life.
5. Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period. However, In the case of AIESL, depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.
6. In the case of HCI, kitchen utensils purchased for the first time for a new unit are written off equally in four years. Any additions in the subsequent years are written off in the year of purchase.
7. In the case of HCI, carpets purchased initially for a new unit/major renovation are capitalized as Fixed Assets in the year of purchase and depreciated on the Straight-Line Method as specified in para above. Carpets purchased in the subsequent years are being written off as Soft furnishings in the year of purchase.
8. In the case of HCI, heavy curtains are written off in the year of issue.
9. In the case of AIASL, PPE of small value not exceeding INR 10,000, in each case, are fully provided for in the year of Purchase. The company has changed its

capitalization policy for PPE which is an accounting estimate of small value not exceeding INR 10,000, which has NIL financial impact in current financial year.

Depreciation has been charged based on the following useful lives :

| Particulars of Assets | Useful Lives |
|---|---|
| Office Equipment | 5 Years |
| Ramp Equipment's | 15 Years |
| Furniture & Fixtures | 10 years |
| Vehicle | 8 Years |
| Ground Support Equipment's (ATR) | As per above mentioned policy at b) 2 of this Note |
| Medical Equipment's | 15 Years |
| Airframe Rotables | Based on Lease Period |
| Aero Engine Rotables | Based on Lease Period |
| Electrical Fittings | 10 |
| Computers/Data Processing Equipment | 3 |
| Workshop equipment's | 10 |
| Plant & Machinery | 15 |

**c. De-recognition:**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of property, plant and equipment (calculated as the difference between the net disposal proceeds/ fair value and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

**IV. INTANGIBLE ASSETS**

**A. Initial Recognition and measurement:**

Intangible assets are acquired and recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible asset includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the group which have finite useful lives, are recognized at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

**B. Subsequent recognition and measurement**

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

**C. Amortization**

Intangible assets which have finite useful lives are amortized on straight- line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.

**D. Derecognition:**

An Intangible Asset shall be derecognized on disposal; or when no future economic benefits are expected from its use or disposal. Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

**V. PHYSICAL VERIFICATION**

The Physical Verification of Assets, once acquired, will be done biennially on rotational basis and the discrepancies, if any, observed in the course of the verification are adjusted in the year in which report is submitted and got approved from appropriate authority. However, in case of AIESL, the physical verification of assets is done on a rotational basis so that every asset is verified once in every three years in the below mentioned order: -

| S. No. | Location | Year |
|---|---|---|
| 1 | Delhi and Kolkata | 2023-24 |
| 2 | Hyderabad, Thiruvanthapuram and all other small locations | 2024-25 |
| 3 | Mumbai and Nagpur | 2025-26 |

**VI. INVENTORIES**

a. Inventory primarily consist of :

i. Stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).

ii. Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.

iii. Soft furnishing (linen), cutlery / crockery and stores and spares used in the hotel operation. Cost of these inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

b. Valuation of Inventories:

i. Inventories are valued at lower of cost and Net Realizable Value ('NRV'). NRV for Stores and spares, loose tools used in rendering of services are not written down below cost except in cases where the price of such materials have declined and it is estimated that the cost of rendering of services will exceed their selling price.

ii. Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

iii. At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown under Inventory.

iv. In the case of Hotel Business, the valuation of inventory of regular consumed inventory is derived as 50% cost lower of the closing inventory at year end.

v. Soft furnishing (linen) and stores and spares (cutlery / crockery) are being valued at lower of cost or NRV and written off to the statement of Profit and loss as and when issued for consumption.

c. Diminution in value of inventories

1) Obsolescence provision for aircraft stores and spare parts:

i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.

ii. Inventory of Aircraft Fleet which has been phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.

iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.

2) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

3) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

**Details of Assets Included in Disposal Group Held-for-sale:**

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **1. Properties:-** | | |
| a) Movable Properties (Refer Note No 9.1) | 1,255.26 | 1,255.26 |
| b) Immovable Properties (net of impairment and advances) (Refer Note No 9.2) | 75,265.23 | 75,695.52 |
| | **76,520.49** | **76,950.78** |
| **2. Others:-** | | |
| Non-current Assets | | |
| Property, Plant & Equipment (Refer Note No 9.1) | 8,642.91 | 8,912.57 |
| Right of use asset | 18,008.25 | 20,427.06 |
| Capital work in Progress (Refer Note No 9.3) | 1,139.39 | 1,139.33 |
| Intangible Assets under development | 14.54 | 2.15 |
| **Intangible Assets** | **67.96** | **82.00** |
| | | |
| **Financial Assets:** | | |
| a) Loans | | |
| b) Others | 2,146.05 | 2,340.33 |
| c) Trade Receivables | | |
| Income Tax Assets (Net) (Refer Note No 9.4) | 1,132.42 | 1,100.47 |
| Deferred Tax Assets (net) (Refer Note No 9.4) | 2,366.32 | 2,516.76 |
| **Other Non Current Assets** | **7,181.31** | **6,144.85** |
| **Total of Non-Current Assets** | **40,699.14** | **42,665.52** |
| **Current Assets** | | |
| Inventories | 392.33 | 480.44 |
| Financial Assets: | | |
| a) Trade Receivables | 14,633.01 | 9,752.89 |
| b) Cash and Cash Equivalents | 2,572.84 | 1,076.20 |
| c) Bank Balance other than (b) above | 3,399.06 | 4,469.46 |
| d) Loans | | |
| e) Others | 241.15 | 287.05 |
| Income Tax Assets (Refer Note No 9.4) | 381.99 | 935.66 |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Unreconciled recoverable of subsidiary* | 30.57 | - |
| Other Current Assets | 1,496.16 | 1,605.44 |
| **Total of Current Assets** | **23,147.12** | **18,607.14** |
| **Grand Total of Assets** | **1,40,366.75** | **1,38,223.44** |

*Unreconciled recoverable net balance as on 31st March, 2024 among Holding and Subsidiaries pending inter-company reconciliation.

**Note 9.1:**

**a.** The Company, under disinvestment of the then AIL has received movable assets from the then AIL. Since all the above assets (movable and immovable) classified by the then AIL and transferred to the Company and the Company has also initiated the process for transfer of these movable assets to the subsidiaries which can be used by them and shall monetize the other remaining assets. Hence all these assets have been classified under assets included in disposal group held for sale. Above movable assets include assets located at locations outside India for an aggregate value of ₹ 9.30 million.

**b.** Under disinvestment plan, monetization proceeds of the above properties will be utilized towards repayments of identified debts. Fair value of the investments in subsidiaries has not been worked out since the subsidiary companies are under disinvestment plan. Similarly, fair value of the properties (being movable and immovable) has not been asertained as on Balance Sheet date.

**c.** The Board has decided in the 45th Board meeting held on 10th October 2023, the process of transfer is to be completed in due course on discussion with the respective subsidiaries.

**d.** The company has classified the non-current asset (or disposal group) as held for sale as on 31st March, 2024 as the management of the company is of the view that the carrying amount of these assets will be recovered principally through sale transaction and that the assets classified under disposal group are in immediately saleable condition and their sale is highly probable as the company itself has been created as an SPV for sale of assets of the then Air India Limited.

**e.** Physical verification of Property, Plant & Equipment (movable & immovale) classified as held for sale:-

**i. In case of Holding Company**, Physical verification of movable assets classified as held for sale has been carried out during the year by the outsource agency. Reconciliation of item identified on physical verification with items transferred by the then AIL is under process. Excess/shortage, if any, found on reconciliation will be accounted for on completion of reconciliation and approval of the competent authority.

**ii. In case of AIESL**, The company has completed physical verification of assets, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register at Delhi, Thiruvananthapuram and Kolkata (Previous Year Mumbai and Nagpur) locations. Accordingly, the company has completed physical verification of

majority of total quantities of PPE / assets of the company. Details for the physical verification of Delhi, Thiruvananthapuram and Kolkata location are as under: -

| S. No. | Location | Surplus Quantities | Unidentified Quantities |
|---|---|---|---|
| 1 | Delhi | 6,857 | 24 |
| 2 | Thiruvananthapuram* | 1,978 | 48 |
| 3 | Kolkata | 1,063 | 82 |

* The physical verification of Thiruvananthapuram location due in 2024-25 and was completed in 2023-24.

The unidentified items in all three locations having value of ₹ 1.62 million has been adjusted appropriately with the approval of the competent authority. Further, the surplus assets will be capitalised after its reconciliation with the items of inventory, stores and spares as appearing in the books of the company as it might be possible that the surplus assets may include in inventory, stores and spares of the company.

**iii.** **In case of AIASL**, As per the policy of the company physical verification of the major assets of the company will be done on rotational basis so that every asset will be verified every two years. Further, management has identified the requirement to tag all assets of the company and to fulfill the same, a reconciliation exercise has been initiated on all station across pan India and the impact of reconciliation will be taken in the year in which exercise will be completed.

**iv.** **In case of AAAL**, As per the policy of the company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office Equipment, Furniture & fixtures, Engine & airframe Rotables, etc. is carried out on a biennial basis. The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations. The last physical verification and reconciliation of Property, Plant and Equipment has been done for the FY 2023-24 for locations at Delhi, Kolkata & Hyderabad. The necessary accounting action for the discrepancy related to assets with book value of Rs. 0.004 million has been taken in the books of accounts during FY 2023-24.

**v.** **In case of HCIL**, The Company had conducted physical verification of each group of fixed assets in 2023-24. All the assets so verified have been mapped with the Fixed Assets Register during the year 2023-24 . No major discrepancies have been observed.

**f.** Physical verification of Inventories classified as held for sale:-

**i.** **In case of AIESL**, Physical verification of Inventory of materials in the nature of stores and spares has not been carried out. The major value of inventory was book transferred by the then Holding company Air India Limited without any physical verification at AIESL. While reviewing the same during the year, it has been found that a large number of items are in the nature of assets (mainly tools) which have been included in the inventory. Reconciliation between Ramco (Inventory Recording and Accounting Software) and SAP (General Accounting Software) is not carried out. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for ₹ 500.00 million has been made for likely reduction in

the value of inventory considering the impact of depreciation on capitalized assets, obsolescence, shortages as well as any other similar write down etc.

ii. **In case of AIASL**, Physical Verification of Inventories carried out internally at four locations where inventories are stored has been carried out by officer of the company and duly certified. Physical verification has been carried out on March 31, 2024. The inventories have value in use at least equal to the carrying value in the books based on the confirmation received from the user (technical) department. The consumption of inventories is computed on the basis of derived figure.

Further, company has made provision for following categories of inventories as per the rate mentioned below:

a) Fast moving inventories- 0%
b) Slow moving inventories- 25%
c) Non moving inventories- 50%
d) Obselete inventories- 100%

iii. **In case of AAAL**, The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the course of the verification are adjusted in the year in which the report is finalized. The Physical Verification of Inventory has been carried out in FY 2023-24. The physical verification of the Aircraft Inventory was conducted by Internal Auditors and Statutory Auditors at Kolkata, Delhi, & Hyderabad.

Till disinvestment of Air India (AI), AAAL was using MMD module of AI i.e. RAMCO for booking the purchase and
consumption of the Inventory through which all the transactions related to inventory were interfaced to SAP module of Alliance Air. The Inventory was kept in AI store prior to disinvestment of Air India Ltd and was controlled by Air India. Based on the requirement of AAAL, AI used to place the order to the respective vendors and clearance from customs authority was also carried out by AI since the items were imported to India on Import-Export Code (IEC) of Air India. The Ramco inventory module was interfaced with SAP and both the purchase and consumption entry made in Ramco were posted in SAP through interface in the company code of AAAL (1200). After Disinvestment of AI (25th January 2022), AAAL has migrated to Laminar MMD system and the same was in operational since 18th May 2022. The closing balance in Ramco as on 31st March 2022 was transferred from RAMCO to Laminaar. The purchase and consumption entry for the year 22-23 (upto September 2022) also interfaced to AAAL through interfaced entry from Ramco to SAP. Alliance Air has set up its new Inventory storage space at the base stations and became operational since 2022. Handing over of the physical stock by AI to AAAL as per books was pending to be reconciled in full. Considering that the Aircraft spares are purchased mainly from OEM and considering the validity of the spares, the issuance was made on FIFO basis. The accounting policy of AAAL was based on AI and the consumables purchased are being used for different types of aircraft, the consumption was booked on weighted average basis. But based on actual scenario and the same type of aircraft fleet maintained in AAAL, the consumption has been booked based on FIFO basis from 2023-24.

Since the laminaar system is in operation, all the purchase and consumption of the inventory is booked in the module but due to technical glitch in the MMD system (Laminaar), the system could not correlate ROE (Rate of Exchange) of USD value of the spare, the actual INR figure is not portrayed in the laminaar system. Hence to arrive at the actual figure in INR , AAAL plotted all the inventory purchased since inception of laminaar and after considering the ROE the month wise purchase and consumption has been arrived at, to portray the true and fair view of the financial statements. The net effect is Rs 10 million pertaining to 2022-23 which has been additionally booked as purchase in SAP in the year 2023-24 and the same is currently identical with laminaar module and financial figures in SAP as well. Considering the materiality of the amount and based on AAAL accounting policy, the effect has been given in 2023-24. The amount is within threshold limits and accordingly, the previous year accounts have not been restated. As per company policy, the physical verification of the inventory was carried out and items found out in stock as on 31st March 2024 as compared list generated in Laminar system which was also valued at relevant Rate of Exchange. The items physically not found in the stock have also been taken into consideration and a full provision amounting to Rs 170.07 million has been created in the financials for the year 2023-24. Regarding the shortage amounting to Rs. 170.07 million ascertained on physical verification of the inventory in the FY 2023-24 and in addition earlier provision of Rs. 47.00 million created during FY 2021-22, the management has formed a committee to investigate the reason for the same. An independent Auditor will be appointed to review the findings of the committee.

Based on the Independent Auditor's report on the same, further accountability with regard to shortage will be ascertained and accordingly further accounting action, if any, will be taken in FY 2024-25

**iv. In case of HCIL**, The company is still in the process of Streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger during the year. At the year end, consumption as per the stores records is reconciled with the financial records and adjustments are duly accounted for.

Instituting a maker checker process in order that a system of checks and balances is in place to prevent revenue leakage through Purchase and misuse and to ensure proper control over the Procurement and Consumption Cycles.

**Note 9.2:**

**a.** As per the decision of the meeting held on 7th September 2018 under the chairmanship of Hon'ble Finance Minister, sale of 111 number of identified properties is to be done by the then AIL and monetization proceeds are to be transferred to the Company through monetization Escrow Account to apply such fund for the servicing of the identified Debts.

Details of the above Immovable Properties included in disposal group held for sale are as under: -

**(₹ in million)**

| Sl. No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| | **Immovable Properties under disposal** | | |
| 1 | *03 Flats, Gazdar Schemes, Khar, Mumbai* | 24.93 | 24.93 |
| 2 | *04 Flats, Sterling Apts.,3, Rao Tularam Marg,Sector 12, R.K. Puram,New Delhi* | 0.00 | 0.00 |
| 3 | *06 Residential Plots, Charkop, Kandivali, Mumbai* | 0.00 | 0.00 |
| 4 | *12 Flats at Sardar Colony, Jamnagar* | 0.00 | 0.00 |
| 5 | *12 Residential Apts., 13 Mullen Street, Ballygunge, Kolkata* | 164.69 | 164.69 |
| 6 | *14 Exec. Flats, Pali Hill Bandra, Mumbai* | 294.00 | 294.00 |
| 7 | *20 Residential Exec. Flats, JVPD- Vile Parle, Mumbai* | 0.00 | 0.00 |
| 8 | *60 Flats at Samta Nagar, Kandivali (E) Mumbai* | 198.95 | 198.95 |
| 9 | *A1B, Plot No.235, CSKO, 1909 of Fort Division, Nariman Point, Mumbai* | 5,620.94 | 5,620.94 |
| 10 | *AI Housing Colony, Vasant Vihar, New Delhi* | 51,399.85 | 51,399.85 |
| 11 | *AI Plot of Land at Baba Kharak Singh Marg, New Delhi* | 4,770.66 | 4,770.66 |
| 12 | *Air India Hqrs., Airlines House, 113, Gurudwara Rakabganj Road, New Delhi* | 468.59 | 468.59 |
| 13 | *Airlines House, 39, C.R. Avenue, Kolkata* | 95.14 | 95.14 |
| 14 | *Bungalow Plot No. ASL-56 Survey No. 925 in Ashwin L at New Nashik.* | 0.00 | 0.00 |
| 15 | *CBO,10/59 Bhadbhada Road, TT Nagar, Bhopal[617.94 Sqm. (388.66 Sqm. GF & 229.28 Sqm.– Mezzanine Floor)]* | 0.00 | 0.00 |
| 16 | *CBO, 169/152, Yadunath Marg,Varanasi,(Built Up Area – 769.00 Sqm.)* | 0.00 | 0.00 |
| 17 | *CBO, Sector-34A, Chandigarh[1881.13 Sqm. (Basement+GF+04 Floors)]* | 0.00 | 0.00 |
| 18 | *City Booking Office, Mascot Junction, Thiruanantpuram* | 38.25 | 38.25 |
| 19 | *Commercial Land at Ganeshguri,Guwahati* | 2.77 | 2.77 |

| Sl. No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 20 | *Commercial Land at Plot Nos. 951,953 & 954, Ward No. 1, Street No. 46, Revenue Village – Muharrampur, East Gandhi Maidan, Patna* | 0.00 | 0.00 |
| 21 | *Commercial Land at Rail Head Complex, Rakh Bahu, Residency Rd., Jammu* | 0.00 | 0.00 |
| 22 | *Commercial Office at Slough Mathisen Way, Colnbrook, London* | 410.95 | 410.95 |
| 23 | *Flat No.31/1, Dr. M.G. Ramchandran Road, Besant Nagar, Chennai* | 5.18 | 5.18 |
| 24 | *Indian Airline Housing Colony & Sports Stadium, Mennambakkan, Chennai (Built Up Area – 38418.00 Sqm.)* | 1,336.74 | 1,336.74 |
| 25 | *Land at NERUL purchased from CIDCO (NB)* | 24.58 | 24.58 |
| 26 | *Land & Bldg. at AI Unity Complex, Chennai(Built Up Area – 10185.00 Sqm.)* | 129.10 | 129.10 |
| 27 | *Land & Building for Booking Office, Airlines House, Ganga Jalia Talav,Bhavnagar – 364001* | 0.00 | 0.00 |
| 28 | *Land & Building for Booking Office,Airlines House, Lal Darwaja, Ahmedabad.* | 0.00 | 0.00 |
| 29 | *Land for Aircraft Maint. base TRIVANDRUM @* | 282.60 | 282.60 |
| 30 | *Land for Booking Office & Air Cargo Complex, Polo View, Near Sher-I- Kashmir Park, Maisuma Tehsil Khas,Srinagar,(Built Up Area -1607.00 Approx.)* | 0.00 | 0.00 |
| 31 | *Land for Booking Office,T.P. Scheme No.9, Plot No.1, Vadodra* | 0.00 | 0.00 |
| 32 | *Land for Housing Colony (13 Flats),Vidyadhar Housing Colony,Khasra No.16C & 17K,SADA, Khajuraho,[Built Up Area – 606.88 Sqm.]* | 0.00 | 0.00 |
| 33 | *Land for Housing Colony at Gangamuthanahalli, Bengaluru.* | 43.58 | 43.58 |
| 34 | *Land for Housing Colony at NCC Nagar, Thiruvananthapuram* | 12.86 | 12.86 |
| 35 | *Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad* | 0.00 | 0.00 |

| Sl. No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 36 | *Land for Staff Quarters,No.1 to 11, Moti Magri Scheme,Udaipur.(Built Up Area – 253.62 Sqm. (02 Flats)* | 0.00 | 0.00 |
| 37 | *Manager's Residence, House No.24, Mugumo Rd., Lavington, Nairobi* | 28.78 | 28.78 |
| 38 | *a. New Operation Building Kolkata @* | 124.00 | 124.00 |
| | *b. Other Structure & Buildings (Refer Note No 9.2.b) @* | 2,917.63 | 3,161.22 |
| 39 | *Residential Complex, Central Training Establishment* | 2,262.40 | 2,262.40 |
| 40 | *Residential Land at 26/607, Maharani Laxmi Bai Road, GwaliorArea As Per Allotment – 929.28 Sqm. (Area Reduced to 150 Sqm. Approx. Due to Widening of Road)[Built Up Area -GF – 161.81 Sqm., FF – 84.32 Sqm.]* | 49.61 | 49.61 |
| 41 | *Residential Land at Malviya Nagar Scheme B-Block Railway Station Road, Jaipur* | 0.00 | 0.00 |
| 42 | *Residential Land at Sector-3, Trikuta Nagar, Jammu* | 0.00 | 0.00 |
| 43 | *Residential Plot No.24, Sector 27, CIDCO, Nerul, Navi Mumbai* | 4,558.46 | 4,558.46 |
| 44 | *Residential Plot No-43,44 78 & 79, Village Nana Mava Rajkot* | 0.00 | 0.00 |
| 45 | *Share in Krupanidhi Bldg., Mumbai.* | 0.00 | 0.00 |
| 46 | *Space for CBO, Nehru Place Commercial Complex, Tonk Road, Jaipur* | 0.00 | 0.00 |
| 47 | *Vacant Residential Land at Dag No. 487, Village Borjhar, Mouza – Kakhin Rani Under Palasbari Circle, Guwahati (Assam)* | 0.00 | 0.00 |
| **Completely Sold Properties** | | | |
| 48 | *CBO Cum 06 Residential Qtrs. at 2, West Patel Nagar, Circuit House Road, Jodhpur[Built Up Area - 543.66 Sq.M (Booking Office & Cargo) & 632.15 Sq.M (Residential Quarters)]* | - | - |
| 49 | *Residential Plot for Staff Quarters at Khaikhali, Kolkata* | - | 100.90 |
| 50 | *Land & Building for Booking Office, Airlines House, Station Road,Near SBI, Bhuj.* | - | - |

| Sl. No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 51 | *Flat S1, Madhuvan Apt. Mangalore* | - | - |
| 52 | *Flat-102, Diana Apt, Mangalore* | - | - |
| 53 | *08 Flats at Asiad Village Complex, New Delhi* | - | 15.08 |
| 54 | *13 Flats, Aquarious-Taurus, CHSL Maurya Rd., Mumbai (W)* | - | - |
| 55 | *13 Residential Apts., Sohini Apts. 18/2A – 1 Ddai Shankar Sarani, Golf Greens, Kolkata* | - | 2.53 |
| 56 | *Airlines House, CBO, Hat Hill, Lal Baug, Mangalore(Built Up Area – 1219.94 Sqm.)* | - | 92.78 |
| 57 | *Booking Office, Museum Rd., Vellayambalam, Thiruvanantpuram(Built Up Area –2190.33 Sqm.)* | - | - |
| 58 | *CBO, Civil Lines, Nagpur* | - | - |
| 59 | *Commercial Land for Booking Office at Jamnagar* | - | - |
| **Properties Surrendered to Alloting Authorities with Compensation** | | | |
| 60 | *08 Flats, Jharneshwar Housing Complex, TT Nagar, Bhopal(70.05 Sq.M Each Flat)* | - | 0.00 |
| 61 | *CBO, Durbar Hall Road, Cochin and Collis Estate, MG Road, Cochin(Built Up Area – 812.00 Sqm.)* | - | - |
| 62 | *Commercial Space for CBO, IInd Floor, Dr. B.R. Ambedkar Market Complex, Hill Curt Road, Dist. Darjeeling (WB), Bagdogra (Siliguri) (Refer Note No - I)* | - | 0.44 |
| 63 | *Vacant Land at Plot No. 1 & 4 Under Dag No. 404 & 405 of Patta No. 180, Mouza Dibrugarh Town, Ward – Gabherupathar, Dist, Lakhimpur, Sub- District - Dibrugarh, (Assam) (Refer Note No - I)* | - | 0.00 |
| **Properties Surrendered to Alloting Authorities without Compensation** | | | |
| 64 | *CBO, Plot No.8 Type VII/2.7 Area Unit I in the New Capital Area, Bhubaneswar* | - | 0.00 |
| 65 | *Residential Land for,E Type Staff Quarters, Unit VIII in the New Capital Area, Bhubaneswar ,* | - | 0.00 |
| 66 | *CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair* | - | 0.00 |

| Sl. No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| | **Total** | **75,265.23** | **75,720.56** |
| | Less: Impairment | - | 25.03 |
| **Total Net of Impairment** | | **75,265.23** | **75,695.53** |

*# Rs. 0.00 million represents the assets at a book value of ₹ 1.*
** Further "-" represents property sold and which does not exist in company books.*
*@ Other Structures under Schedule II B of Restated Framework agreement.*
The ownership/possession of identified properties are in the name of the then AIL and the then AIL had disposed off 47 full properties and 3 partial properties * (out of above said total of 111 identified properties) and the sale proceeds of these properties (47+3) amounting to ₹ 3995.4 million effective from October, 2018 till 31st March, 2022 has been received by the Company through the escrow mechanism.

The remaining unsold properties shown in the table below classified as held for sale by the then AIL in their books of accounts were transferred to the Company at carrying value of the respective assets held for sale. Hence the same have been classified as assets held for sale. The values of these properties are as under: -

| S. No. | Class of Assets | Balance as on 31st March 2024 (₹ in million) | Balance as on 31st March 2023 (₹ in million) | Nos. of Items/ Assets as on 31st March 2024 | Nos. of Items/ Assets as on 31st March 2023 |
|---|---|---|---|---|---|
| **1** | Freehold Land & Building | 3,323.62 | 3,442.12 | 9 | 12 |
| **2** | Leasehold / others | 68,617.38 | 68,685.59 | 38 | 45 |
| **3** | Other Structures including MRO land at TRV * | 3,324.23 | 3,567.82 | 2 | 2 |
| | **Total** | **75,265.23** | **75,695.53** | | |

* Other Structures consist of MRO land at Trivandrum and buildings/structures as indicated in Schedule II B of Restated Framework Agreement dated 05.01.2022 for which itemized listing details provided by AIL based on which and subsequent surrender of certain items of the structures, the number of items of such structures as on 31.03.2024 is 292 Nos.( Previous year 404 Nos. as on 31.03.2023)

b. Other structure includes building/structure constructed on license land from GMR Hyderabad for which company has entered into a tripartite agreement between AIL, the company and GMR Hyderabad International Airport Ltd for a period 5 years i.e from April 2022 to March 2027 for the right of use of the said property by AIESL.

c. Out of the unsold properties (freehold, leasehold/others than freehold) as stated above, the then AIL had initiated the process of monetization and an advance as liability of ₹ 44.83

million (Previous Year ₹ 106.51 million) against sale of unsold properties. The monetization of these properties is yet to be completed.

d. Further, out of 111 identified properties, assets held for sale includes 2 properties (namely AI Housing Colony Vasant Vihar, New Delhi, and AI Plot of Land at Baba Kharak Singh Marg New Delhi) (Refer serial no. 11 & 12 of Note No. 9.2.a). A meeting was held on 1st June 2017 under the chairmanship of Hon'ble Finance Minister, and it was decided vide O.M. No-LIIA/1(140&427)/347 dated 17thAugust, 2017 that the above said land shall be handed over to Ministry of Housing Urban Affairs (MoHUA) and it was also agreed that MoHUA shall monetize the land and proceeds received there from shall be utilized solely for the purpose of liquidation of AIL liabilities. Accordingly, the above said lands were handed over to MoHUA on 21stAugust, 2017.

e. i. Out of 111 properties, the assets classified as held for sale includes 12 Residential Apartments at 13 Mullen Street, Ballygunge, Kolkata (Refer serial no. 5 of Note No. 9.2.a), West Bengal which is in the occupancy of Waqf Board, Kolkata. The Waqf Board is claiming that the ownership of the property is in the name of Waqf Board and they are not agreeing to vacate the property. The then Air India initiated legal action against the Waqf Board, however, court has vide its order dated 11/08/2022 directed the lower court to frame specific issues pertaining to the maintainability of the suit and decide the issue along with other issues at the time of final hearing of the suit subsequently AIL has submitted original documents to the court. Civil Judge( Jr. Divn), Alipore passed order dated 24.07.2024 stating that the suit is dismissed. AIAHL has advised Air India to file an appeal in the matter vide email dated 02.08.2024

ii. Further, one encroached commercial land located at Patna (Refer serial no. 20 of Note No. 9.2.a) was offered by AIL/AIAHL to alloting authority against compensation. Collector, Patna directed Circle Officer, Patna Sadar to acquire the said land by 30.11.2023 and ensure reciept of outstanding annual rent of Rs. 3.25 million within one month from AIL. CMD, AIAHL has taken up the matter with Chief Secretary of Bihar vide letter dated 16th May, 2024 stating to consider the surrender of the said property back to allotting authority without payment of any outstanding due, annual rent etc.

iii. Further, one residential land for bunglow at Nashik (Refer serial no. 14 of Note No. 9.2.a) have been encroached by trespassers. AIAHL/AIL has communicated vide letter dated 23rd November, 2023 to the allotting and the local authorities to get the encrochment removed. Further, for title transfer of the said property from AIL to AIAHL is under process.

iv. Furthermore, commercial land at Jamnagar Gujarat (Refer serial no. 59 of Note No. 9.2.a) was handed over in July 2022 to allotting authority against court directive.

**f.** One property at Srinagar (Refer serial no. 30 of Note No. 9.2.a) and two properties at Jammu (Refer serial no. 21 & 42 of Note No. 9.2.a) for which vacation notice has been issued by allotting authority. AIAHL has filed writ petitions for stay and the court has granted the stay.

**g.** The then AIL had paid an advance of ₹ 24.6 million to CIDCO for purchase of another plot of leasehold land at Nerul (Refer serial no. 25 of Note No. 9.2.a) for the purpose of construction of staff quarters. The possession of the plot allotted by CIDCO in this regard

has not been handed over to the then AIL and agreement/ lease deed has not been executed till date.

**h.** The following three properties do not have land ownership documents:-

a. 03 Flats, Gazdar Schemes, Khar, Mumbai (Refer serial no. 1 of Note No. 9.2.a)

b. CBO,10/59 Bhadbhada Road, TT Nagar, Bhopal (Refer serial no. 15 of Note No.9.2.a)

c. Land for Staff Quarters at Sardar Nagar, Site No.1 Vibhag-1, Hansol, Near Indira Bridge, Ahmedabad (Refer serial no. 36 of Note No. 9.2.a)

**i.** For 06 Residential Plots (Refer serial no. 3 of Note No. 9.2.a) at Charkop, Kandivali, Mumbai allotment letter issued but cancelled in 2016. However, physical possesion is with the company.

**j**. AIL is having 9% share in Krupanidhi Society building, Ballard estate, Mumbai (Refer serial no. 45 of Note No. 9.2.a). The court has extinguished all the rights of Krupanidhi Society. Court of small causes, Mumbai dated 30.11.2023 passed an order to issue warrant of possesion as prayed by Bombay Port Trust (BPT) and to execute the possession warrant. Karupanidhi society filed an appeal against the order.

**k.** 3 properties at serial no. 62, 63 and 66 have been surrendered to alloting authorities, however handing over - taking over is pending.

**Note 9.3: Capital work in progress in case of AIESL (Assets included in disposal group held for sale)**

GEnx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of ₹ 1137.68 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the Board of the then Air India Limited and AIESL. The project was started in the year 2017 by the then Air India Limited. During the FY 2022-23 a capital budget provision of ₹ 600 million for the completion of the under-construction facilities was proposed by the company and the board had approved the same subject to the novation of the agreements with PMC and contractors in favour of AIESL which was earlier entered into by Air India Limited and GBSA with GE so that offset credit USD million could be made available to AIESL. However, none of the above-mentioned contracts could be novated in favour of AIESL hence no capital expenditure for the subject work was incurred during the financial year. Further, considering the negligible changes of any further headway in this regard, no provision for the same was made in the capital budget for the financial year 2024-25. Further necessary action in this regard will be taken on review and approval from competent authority.

## Note 9.4: Deferred & Income Taxes of Disposal Group

**(₹ in million)**

| | 2023-24 | | | | |
|---|---|---|---|---|---|
| **Particulars** | **AIESL** | **AIASL** | **AAAL** | **HCI** | **Total** |
| **Non-current Assets** | | | | | |
| Income tax Assets (Net) | - | 649.98 | 482.44 | - | **1,132.42** |
| Deferred Tax Assets | 1,739.26 | 627.07 | - | - | **2,366.32** |
| **Current Assets** | | | | | |
| **Income tax Assets (Net)** | 330.52 | - | 51.48 | - | **381.99** |
| | **2022-23** | | | | |
| **Non-current Assets** | | | | | |
| Income tax Assets (Net) | - | 487.68 | 612.79 | | **1,100.47** |
| Deferred Tax Assets | 1,550.13 | 966.63 | | | **2,516.76** |
| **Current Assets** | | | | | |
| **Income tax Assets (Net)** | 886.67 | - | - | 48.99 | **935.66** |

In case of AIASL, Deferred tax assets shown in their Audited Financial Statement for the FY 2022-23 has been corrected, for consolidation purpose, to the extent error and omission agreed by the management. As a result, in the consolidated financial statements of the FY 2022-23, deferred tax assets shown in the "Assets included in disposal group held for sale" has been credited by Rs. 163.72 million and corresponding debit to profit & Loss from discontinued operations by the same amount.

**In case of AIESL:**

Income tax expense in the statement of Profit and Loss comprises:

(₹ in million)

| **Particulars** | **2023-24** | **2022-23** |
|---|---|---|
| Current Tax | 1,407.22 | 338.97 |
| Deferred Tax Expense/(Income) | (189.12) | 1,652.73 |
| Tax Adjustment relating to earlier year* | (83.97) | 168.31 |
| | | |
| **TOTAL** | **1,134.13** | **2,160.00** |

*This represents short / (excess) provision of income tax (net) of earlier years identified in the current year.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in million)

| **Particulars** | **For the year ended 31 March 2024** | **For the year ended 31 March 2023** |
|---|---|---|
| Profit / (Loss) before tax | **6,279.03** | **6,259.72** |
| Total Taxable Income (A) | 5,445.61 | 7,459.22 |
| Carry Forward Loss (B) | - | 6,112.40 |
| Net Taxable Income (A-B) | **5,445.61** | **1,346.82** |
| Effective Income Tax Rate (%) | 25.168 | 25.168 |
| Loss brought forward | - | - |
| Income tax recognized in the statement of profit and loss | 1,407.22 | 338.97 |

The details of income tax assets and income tax liabilities as at March 31, 2024 and March 31, 2023:

(₹ in million)

| **Particulars** | **As at March 31, 2024** | | **As at March 31, 2023** | |
|---|---|---|---|---|
| | **Non - Current** | **Current** | **Non - Current** | **Current** |
| Total Advance payment for Income Tax and TDS | - | 1,737.74 | - | 1,225.63 |
| Less: Provision for Tax | - | 1,407.22 | - | 338.97 |
| **Total** | **-** | **330.52** | **-** | **886.67** |

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended March 31, 2024 is as follows:

**(₹ in million)**

| **Particulars** | **As at March 31st, 2024** | **As at March 31st, 2023** |
|---|---|---|
| **Deferred tax liabilities on account of (DTL)** | | |
| Depreciation | 90.38 | 73.06 |
| **Total deferred tax liability** | **90.38** | **73.06** |
| **Deferred tax asset on account of (DTA)** | | |
| Provision for doubtful advances | - | - |
| Provision for expected credit loss | 168.40 | 150.33 |
| Provision for employee benefits | 1,033.59 | 1,056.78 |
| Net ROU/Lease Liability | 11.64 | 14.49 |
| 40A(i) 30% expenses | 31.77 | 176.14 |
| 43B(h) Disallowances | 4.60 | - |
| Provision for Inventory obsolescence/reco. | 125.84 | 125.84 |
| Other tax disallowances / (allowances) | 453.78 | 99.61 |
| **Total deferred tax asset** | **1,829.63** | **1,623.20** |
| **Net deferred tax asset** | **1,739.26** | **1,550.14** |

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences.

The company has convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with IndAS 12 “Income Taxes” Deferred Tax assets / Liabilities have been created.

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

**(₹ in million)**

| **Particulars** | **As at March 31st, 2024** | **As at March 31st, 2023** |
|---|---|---|
| Deferred tax asset (net) | 1,829.63 | 1,623.20 |
| Deferred tax liability (net) | 90.38 | 73.06 |
| **Total** | **1,739.26** | **1,550.14** |

**In case of AIASL:**

**(a) Income tax recognised in Statement of Profit and loss**

**(₹ in million)**

| **Particulars** | **Year Ended March 31, 2024** | **Year Ended March 31, 2023** |
|---|---|---|
| **Current tax expense (A)** | | |
| Current year | 187.09 | 235.77 |
| **Short/(excess) provision of earlier years (B)** | | |
| Short provision for tax for earlier years | **-** | **-** |
| **Deferred tax expense (C)** | | |
| **Origination and reversal of temporary differences** | **179.70** | **113.93** |
| **Tax expense recognised in the income statement (A+B+C)** | **366.79** | **349.70** |

**(b) Income tax recognised in other comprehensive income**

**(₹ in million)**

| Particulars | Year Ended March 31, 202 | | | Year Ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense)/ benefit | Net of tax | Before tax | Tax (expense)/ benefit | Net of tax |
| **Items that will not be reclassified to profit or loss** | | | | | | |
| Remeasurement of employee benefits obligations | 126.55 | - | 126.55 | (3.92) | - | (3.92) |
| | **126.55** | **-** | **126.55** | **(3.92)** | **-** | **(3.92)** |

**(c) Reconciliation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows**

**(₹ in million)**

| Particulars | Year Ended March 31, 2024 | Year Ended March 31, 2023 |
|---|---|---|
| **Profit before tax** | 771.05 | 972.97 |
| Enacted tax rate in India | 25.168% | 25.168% |
| Expected income tax expense at statutory rate (A) | 187.09 | 235.77 |
| **Tax effect of** | | |
| Expenses not deductible in determining taxable profits | - | - |
| Excess provision of tax for earlier years | - | - |
| **Income tax recognized in the statement of profit and loss** | **187.09** | **235.77** |
| Impact of deferred tax | 179.70 | 113.93 |
| **Income tax recognized in the statement of profit and loss (including deferred tax)** | **366.79** | **349.70** |

**(d) Deferred tax assets/(liabilities)**

The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet:

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Deferred tax liabilities | (210.99) | (189.84) |
| Deferred tax assets | 1,001.78 | 1,160.32 |
| **Total** | **790.79** | **970.48** |

**Significant component of deferred tax assets / (liabilities) and movement during the year are as under:**

**(₹ in million)**

| Particulars | As at March 31, 2023 | For the year ended March 31, 2024 | | As at March 31, 2024 |
|---|---|---|---|---|
| | | Recognized through P&L | Recognized through OCI | |
| **Deferred tax balance in relation to** | | | | |
| Deferred tax asset of earlier years | - | - | - | - |
| Property, plant & equipment | (189.84) | (21.15) | - | (210.99) |
| Provision for employee benefits | 699.77 | (20.72) | - | 679.05 |
| Provision for inventories | 8.34 | (7.60) | - | 0.74 |
| Expected credit loss | 452.21 | (130.22) | - | 321.99 |
| **Total** | **970.48** | **(179.70)** | **-** | **790.79** |

**(₹ in million)**

| Particulars | As at April 1, 2022 | For the year ended March 31, 2023 | | As at March 31, 2023 |
|---|---|---|---|---|
| | | Recognized through P&L | Recognized through OCI | |
| **Deferred tax balance in relation to** | | | | |
| Deferred tax asset of earlier years | - | - | - | - |
| Property, plant & equipment | (166.59) | (23.25) | - | (189.84) |
| Provision for employee benefits | 710.96 | (11.19) | - | 699.77 |
| Provision for inventories | - | 8.34 | | 8.34 |
| Expected credit loss | 262.04 | 190.17 | - | 452.21 |
| Unabsorbed losses | 278.00 | (278.00) | - | - |
| **Total** | **1,084.41** | **(113.93)** | **-** | **970.48** |

The company is creating deferred tax assets considering that company is hopeful of showing improved performance in future and accordingly, has reasonable certainty that deferred tax asset recognized will be realized against future taxable profits.

**In case of AAAL,** the company has a history of losses, hence in absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future, no accounting for Deferred Tax Assets / Liabilities has been made in the Financial Statements.

**In case of HCIL,** the Company has not recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability arising since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty.

**Note 9.5: Brief information/profile about four subsidiaries are as under: -**

**AI Airport Services Ltd (AIASL):**

The Company mainly provides services of Ground Handling at Indian Airports to Airlines Operators was operationalized in February 2013 and commenced its autonomous operationalization from F.Y 2014-15. The Company since its stand-alone has been a profitable Company except for the financial year 2020-21.

**AI Engineering Services Ltd (AIESL):**

AIESL is the largest MRO set up in India that can serve as a one-stop-shop for all aircraft engineering requirements. AIESL has taken various initiatives to improve its overall revenues and during the Financial Year 2021-22 the Company turned into the profit making and in the current year it is showing improvement in its performance on a year-to-year basis. With a steady

increase in revenue and the Make in India thrust of the Govt. of India which will ensure that maintenance of aircraft is within the country, the rapid growth of Aviation in the country and a large number of aircraft orders by Indian carriers, AIESL is best poised for taking advantage of the growth in maintenance activities and MRO business within India. AIESL is profitable since 2021-22 and in view of the above measure AIESL is likely to be profitable in in future year also.

**Alliance Air Aviation Ltd (AAAL):**

AAAL has emerged as a major player in the Government of India's premier scheme UDAN, which connects to various Tier - II and Tier - III cities with the development of unserved / underserved airports. Alliance Air is on its way to reverse the trend of adverse financial parameters. The Company has also reduced operating loss during the FY 2022-23. Further, the Company has also implemented cost-saving measures for the reduction of costs.

Further, during FY 2023-24 ₹ 6000.00 million of financial support through equity infusion to Alliance Air Aviation Limited (AAAL) has also been provided.

**Hotel Corporation of India Ltd (HCI):**

HCI is primarily engaged in the business of owning operating & managing Hotels and Flight Catering services. The Company has been facing a liquidity crunch and its financial and operating performance has been affected in recent years due to a number of external and internal factors.

Various initiatives have also been taken by the management for improving the operational performance of the Company and increasing the revenues of the Company. Further, during FY 2024-25, ₹ 571.4 million of financial support provided through equity infusion.

**Note 9.6: Disinvestment plan of the subsidiaries:**

The Ministry of Finance, Government of India vide F. No. 3/24/2017-DIPAM IIB (Vol.II) dated 17thOctober, 2019 has issued Office Memorandum and directed to state that Air India Specific Alternative Mechanism (AISAM) to re-initiate the process of disinvestment of Air India and its subsidiaries by circulation. Accordingly, the then AIL has been disinvested.

Consequent to the Strategic Disinvestment of Air India, Government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). The Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. Roadshows have been conducted by DIPAM and draft PIM for AIESL, AIASL & AAAL have been prepared for discussion with the Govt.

PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment. In this regard meetings were held in 2023-24 with MoCA and DIPAM.

The above-specified procedure is taking time due to the involvement of various Ministries/Departments of the Government of India.

## NOTE 10: EQUITY SHARE CAPITAL

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number in Million | ₹ in million | Number in Million | ₹ in million |
| **Authorised Capital** | | | | |
| Equity Shares of Rs 10/- each | 70,000.00 | 7,00,000.00 | 70,000.00 | 7,00,000.00 |
| | | | | |
| Issued, Subscribed and Fully Paid up Capital | | | | |
| Equity Shares of Rs 10/- each | 62,965.45 | 6,29,654.50 | 62,365.45 | 6,23,654.50 |
| | **62,965.45** | **6,29,654.50** | **62,365.45** | **6,23,654.50** |

**Details of Shareholding in excess of 5%**

**₹ in million**

| Name of Shareholder | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number of shares held | % | Number of shares held | % |
| Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India | 62,965.45 | 100% | 62,365.45 | 100% |

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

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

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number in Million | ₹ in million | Number in Million | ₹ in million |
| At the beginning of the year | 62,365.45 | 6,23,654.50 | 62,365.45 | 6,23,654.50 |
| Issued during the Year | 600.00 | 6,000.00 | - | - |
| **Outstanding at the end of the year** | **62,965.45** | **6,29,654.50** | **62,365.45** | **6,23,654.50** |

**1.** The Company has issued only one class of shares referred to as equity shares having a par value of Rs10/- per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders after distribution of all preferential amounts, if any.

2. The Company has issued 600.00 millions of Equity shares in two tranches in FY 2023-24 to the Government of India for the financial support to Alliance Air Aviation Limited (AAAL), subsidiary of the Company.
3. There were no bonus shares issued and there is no instance of shares being issued for consideration other than cash and no shares have been bought back by the company from the incorporation date i.e. 22nd January 2018 to the date of the Balance Sheet.
4. Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).
5. Share reserved for issue under option and contract or commitment for sale of shares or disinvestment is Nil (Previous Year: Nil).

**Promoter's shareholding***

| Name of Promoter | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | Number of shares held | % | Number of shares held | % |
| Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India | 62,965.45 | 100% | 62,365.45 | 100% |

*There has been no change in the promoter holding during the year. The Company has only one class of equity shares

**NOTE 11: OTHER EQUITY**

**(₹ in million)**

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| **Surplus in Statement of Profit and Loss :** | | | | |
| Balance as per last Balance Sheet | | 210.22 | | (64,299.65) |
| Non-Controlling Interest* | | (125.34) | | (134.52) |
| Difference in opening balance due to Restated balance sheet of AIESL and AIASL (Other equity)** | | (10.66) | | (545.35) |
| Grant for the repayment of Series-I Bond | - | - | 70,000.00 | 70,000.00 |
| Profit for the year | 1,026.14 | | (4,810.27) | |
| Less: | | | | |
| Transfer to General Reserve | - | | - | |

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| Add: Prior Period Adjustments | - | | - | |
| Less: Prior Period Adjustments | - | - | - | - |
| Net Surplus | | 1,026.14 | | 65,189.73 |
| **Total Reserves & Surplus** | | **1,100.35** | | **210.22** |

*Non-Controlling Interest represents 19.62% shares in current year profit and loss of minority shareholders .

**Difference in opening balance of other equity due to restated balance sheet of AIESL resulting in increase in other equity amounting to Rs.149.22 million and in case of AIASL decrease in other equity is Rs.159.88 million. Net impact of the same is Rs.10.66 million.

**Retained Earnings:**

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

**NOTE 12: BORROWINGS**

**(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| 7.39% Debentures (NCDs) Series II-Tenure 10 Yrs-GoI assured for servicing and repayment | 70,000.00 | 70,000.00 | - | - |
| 7.39% Debentures (NCDs) Series III-Tenure 10 Yrs-GoI assured for servicing and repayment | 79,850.00 | 79,850.00 | | - |
| **Total** | **1,49,850.00** | **1,49,850.00** | **-** | **-** |

**Note 12.1:** The Debentures are guaranteed for repayment of principal and payment of interest by GoI. There is no put / call option. The Debentures are repayable in full on maturity date.

## NOTE 13: OTHER FINANCIAL LIABILITIES

**(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| Interest Accrued on NCDs but not due for payment | - | - | 5,014.64 | 4,998.04 |
| Deposit transferred - JDC arrears against housing colonies * | - | - | 96.80 | 97.50 |
| Others (including EMD) | - | - | 1.70 | 1.39 |
| **Total** | **-** | **-** | **5,113.14** | **5,096.93** |

* The then AIL has transferred funds for JDC arrears of the erstwhile AIL employees which will be payable to such employees in due course as the matter is sub-judice.

## NOTE 14: TRADE PAYABLE

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Trade Payables | | |
| - Micro Small and Medium Enterprises | 0.87 | - |
| - Other Payables | 4.91 | 3.74 |
| **Total** | **5.78** | **3.74** |

**Ageing of trade payables**

**As at March 31, 2024**

**(₹ in million)**

| Particulars | Unbilled | Outstanding for following periods | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues (MSEs) | - | 0.87 | - | - | - | 0.87 |
| (i) Undisputed | - | 3.48 | 1.43 | - | - | 4.91 |

| Particulars | Unbilled | Outstanding for following periods | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| dues (Others) | | | | | | |
| (iii) Disputed dues (MSEs) | - | - | - | - | - | - |
| (iv) Disputed dues (Others) | - | - | - | - | - | - |
| **Total** | **-** | **4.35** | **1.43** | **-** | **-** | **5.78** |

Note: Interest of ₹ 5,484/- is booked on account of delayed payment to MSME registered vendors.

**As at March 31, 2023**

**(₹ in million)**

| Particulars | Unbilled | Outstanding for following periods | | | | Total |
|---|---|---|---|---|---|---|
| | | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| (i) Undisputed dues (MSEs) | - | - | - | - | - | - |
| (ii) Undisputed dues (Others) | - | 3.72 | - | 0.02 | - | 3.74 |
| (iii) Disputed dues (MSEs) | - | - | - | - | - | - |
| (iv) Disputed dues (Others) | - | - | - | - | - | - |
| **Total** | **-** | **3.72** | **-** | **0.02** | **-** | **3.74** |

## NOTE 15: PROVISIONS

**(₹ in million)**

| Particulars | Non - Current | | Current | |
|---|---|---|---|---|
| | 31-Mar-24 | 31-Mar-23 | 31-Mar-24 | 31-Mar-23 |
| Provision for Expenses | - | - | 1,664.39 | 648.91 |
| **Total** | **-** | **-** | **1,664.39** | **648.91** |

## NOTE 16: OTHER CURRENT LIABILITIES

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Statutory Dues** | **0.50** | **60.75** |
| **Other** | **4.52** | **0.04** |
| **Total** | **5.02** | **60.79** |

## NOTE 17: LIABILITIES AGAINST ASSETS INCLUDED IN DISPOSAL GROUP HELD FOR SALE

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Non Current Liabilities** | **-** | **-** |
| a) Lease Liability | 18,631.18 | 21,789.97 |
| b) Other Financial Liabilities | 47.78 | 72.64 |
| c) Provisions | 9,874.23 | 7,354.99 |
| d) Other Non Current Liabilities | - | - |
| **Total Non Current Liabilities** | **28,553.19** | **29,217.60** |
| **Current Liabilities** | **-** | |
| a) Lease Liability | 4,141.00 | 3,875.14 |
| b) Financial Liabilities | | |
| i) Trade Payables | 13,510.38 | 13,860.45 |
| ii) Other Financial Liabilities | 2,112.71 | 2,549.88 |
| c) Other Current Liabilities | 2,260.72 | 2,230.21 |

| | | |
|---|---|---|
| d) Provisions | 2,159.62 | 2,472.35 |
| **Total Current Liabilities** | **24,184.43** | **24,988.03** |
| **Sub-Total-A (Non Current & Current Liabilities)** | **52,737.63** | **54,205.63** |
| **Liabilities against Assets included in Disposal Group Held for Sale** | | |
| Advance Received against sale of Properties (Refer Note No - 17.1) | 69.36 | 138.98 |
| Advance CIDCO Nerul HSG Project (Refer Note No 17.2) | 415.33 | 415.33 |
| Expense Payable - CIDCO Nerul Properties (Refer Note No 17.3) | 376.62 | 376.62 |
| Monetization Proceeds Samata Nagar Property (Refer Note No 17.4) | 50.28 | 50.29 |
| **Sub-Total-B** | **911.59** | **981.22** |
| **Grand-Total-A+B** | **53,649.22** | **55,186.85** |

**Note 17.1:** Out of ₹ 69.36 million advance received against sale of properties, the then AIL had initiated the process of monetization and an advance as liability of ₹ 44.83 million (Previous Year ₹ 106.51 million) against sale of unsold properties and the company has received advance against sale of properties of ₹ 24.53 million (Previous Year ₹ 32.48 million). The monetization of these properties is yet to be completed.

**Note 17.2:** As per credit number 6 dated 31st March 2022 received by the Company from AIL an amount of ₹ 415.33 million advances received by the then AIL from their employees against proposed sale of flats of Nerul HSG property which are yet to be executed. The said property has also been transferred by the then AIL to the Company and the said advance against such flat has been transferred to the Company. Further, the Company has initiated the process of transfer of agreement to lease from AIL to the Company.

**Note 17.3:** The then AIL has transferred expense payable of ₹ 376.62 million to CIDCO towards beautification of Nerul HSG property etc. The said expense payable has been transferred to the Company.

**Note 17.4:** The property is under redevelopment through SD corporation and an agreement has been signed with SD corporation by the then AIL on 19th June 2019. Under the redevelopment agreement SD Corporation shall provide 62 flats as against existing 60 flats. SD Corporation has offered a carpet area of 970 sq. ft. per flat as against 634.19 sq. ft. per flat. Against such arrangement the then AIL had transferred a liability of ₹ 50.28 million. Title transfer from AIL to AIAHL has been initiated.

**Note 17.5: Government Grant in the case of subsidiary AIESL :**

As per the decision of Government of India (MoCA), a scheme has been approved for providing grant for SESF expenses. In line with the said scheme, summary of grant received by the company and its utilization during the financial year 2023-24 are as under: -

**(₹ in million)**

| **Particulars** | **FY 2023-24** | **FY 2022-23** |
|---|---|---|
| Opening Un-spent Grant-in-aid | 375.07 | 338.90 |
| Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI | - | 393.10 |
| Grant utilized for SESF Expenses | 255.67 | 356.93 |
| **Total Unspent Grant in Aid** | **119.40** | **375.07** |

**NOTE 18: OTHER INCOME**

**(₹ in million)**

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** |
|---|---|---|
| Rent from properties held for sale | 1,193.82 | 1,023.71 |
| **Total** | **1,193.82** | **1,023.71** |

**NOTE 18.1: OTHER MISCELLANEOUS INCOME**

**(₹ in million)**

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** |
|---|---|---|
| Grant-in-aid from GoI (Refer Note No- 4.2 ) | 7,234.51 | 4,260.52 |
| Interest Income on FDRs | 425.33 | 947.87 |
| Interest on outstanding recoveries of subsidiaries | - | 0.34 |
| Advance Forfeited (Sale of properties) | 24.63 | 1.70 |
| Profit on Properties sold | 168.46 | 951.47 |
| Interest on Income Tax Refund | 17.07 | 12.49 |
| Misc. Income | 25.39 | 10.98 |
| **Total** | **7,895.39** | **6,185.37** |

## NOTE 19: EMPLOYEE BENEFIT EXPENSES

**Accounting Policy**

**a.** Short term employee benefits: All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences etc. are recognized in the period in which the employee renders the related services.

**b. Post-employment benefits:**
Defined Contribution Plans consists of contribution to Employees Provident Fund. Salaries of all the employees of the Company are exceeding the threshold limit as prescribed in Employees' Provident Fund Scheme, 1952. Hence the same is not applicable including Employee State Insurance (ESI).
Defined Benefit Plans, which are not funded, consist of Gratuity, Leave Encashment including Sick Leave and other benefits.

**(₹ in million)**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Salaries and Wages | 17.30 | 18.27 |
| **Total** | **17.30** | **18.27** |

**Note 19.1:** The Company has not recognized any expenditure towards defined contribution plans in respect of Employees Provident Fund, Employee State Insurance benefits and Gratuity as the same are not applicable on the company, hence, actuarial valuation has not been obtained and therefore no provision is required.

## NOTE 20: FINANCE COST

**Accounting Policy**

**a.** Borrowing cost includes interest; amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

**b.** Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress, if any, are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.

**c.** A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use.

**d.** In the case of subsidiary – Alliance Air Aviation Limited, interest accrued on borrowed funds or other temporary borrowings in anticipation of the receipt of long term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.00 million

is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

**e.** Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

(₹ in million)

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** |
|---|---|---|
| Interest on NCDs of AIAHL | 11,090.52 | 14,545.93 |
| Interest on Overdrafts | - | 28.35 |
| **Total** | **11,090.52** | **14,574.28** |

## NOTE 21: OTHER EXPENSES

**(₹ in million)**

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** |
|---|---|---|
| NCD's & Equity Related Expenses | 0.32 | 0.33 |
| Legal And Professional Expenses | 9.05 | 21.07 |
| Meeting Related Expenses | 0.16 | 0.29 |
| Advertisement Expenses | 1.25 | 3.41 |
| Medical Expenses AIL Eligible Employees (Refer Note No. 3.9) | 745.54 | 2,260.52 |
| Bank Charges | 0.03 | 0.04 |
| Conveyance & Fuel Expenses | 0.70 | 0.61 |
| Lease Rent Expenses | 96.24 | 97.02 |
| Building Maintenance Expenses | 133.14 | 98.72 |
| Electricity Consumption Charges | 19.46 | 20.53 |
| Water Charges | 2.22 | 2.49 |
| Nezul Charges | - | 65.21 |
| MSTC Service Charges | 4.89 | 16.71 |
| Insurance Expenses | 11.25 | - |
| Manpower Supply services | 59.50 | 17.59 |
| Printing & Stationary | 0.38 | 0.43 |

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| ROC Filing Fees | 0.12 | 0.05 |
| Rates & Taxes (Refer Note No. 21.1) | 1,010.33 | 571.50 |
| Telephone Expenses | 0.10 | 0.07 |
| Travel, Boarding & Lodging Expenses | 0.80 | 1.62 |
| Office Expenses | 0.55 | 0.64 |
| Misc. Expenses | 0.97 | 0.87 |
| **Remuneration To Statutory Auditor** | | |
| - Audit fees | 0.45 | 0.45 |
| - Out of Pocket Expenses | 0.07 | - |
| Other audit fees (Tax, Internal Audit & Limited Review Fees) | 0.37 | 0.34 |
| **Total** | **2,097.89** | **3,180.51** |

**Note 21.1:** Rates and Taxes includes property tax and stamp duty on immovable properties (held for sale) calculated on estimation basis. Accordingly, the additional provision of Rs. 1,010.33 million (Previous Year Rs. 571.50 million) has been created during the year.

## NOTE NO: 21A PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS

**(₹ in million)**

| PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| | | |
| **Revenue from Operations** | | |
| i) Schedule Traffic Services | 6,036.91 | 6,541.43 |
| ii) Non Schedule Traffic Services | 3,331.57 | 3,759.07 |
| iii) Technical and other handling service | 28,901.99 | 27,061.40 |
| iv) Other Operating Revenue | 174.75 | 1,521.89 |
| **Total Revenue from Operations** | **38,445.22** | **38,883.79** |
| Other Income | 991.91 | 927.76 |
| **Total Revenue** | **39,437.13** | **39,811.55** |
| **Expenses** | | |
| 1. Aircraft Fuel & Oil | 2,811.30 | 3,681.34 |
| 2. Cost of raw material consumed | 148.28 | 131.96 |

| PROFIT/(LOSS) FROM DISCONTINUED OPERATIONS | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| 3. Other Operating Expenses | 3,809.56 | 2,328.80 |
| 4. Employee Benefit Expenses | 15,491.76 | 13,959.88 |
| 5. Finance Costs | 1,162.96 | 2,742.31 |
| 6. Depreciation and Amortization | 3,669.77 | 3,533.11 |
| 7. Other Expenses | 6,914.68 | 7,668.32 |
| **Total Expenses** | **34,008.31** | **34,045.72** |
| **Profit/(Loss) Before Exceptional &Tax** | **5,428.82** | **5,765.83** |
| Add/(Less) : Exceptional Items | (2,595.03) | 2,334.21 |
| **Profit/(Loss) Before Tax** | **2,833.80** | **8,100.04** |
| **Tax Expenses :** | | |
| 1. Current Tax | 1,594.31 | 574.74 |
| 2. Deferred Tax Income | (9.42) | 1,770.50 |
| 3. IncomeTax for Earlier Years | (83.97) | 168.31 |
| **Total Tax Expenses** | **1,500.92** | **2,513.55** |
| **Profit/(Loss) after Tax for the year/ for the period** | **1,332.88** | **5,586.49** |
| | | |
| **Other Comprehensive Income** | | |
| Items that will not be reclassified to Profit & Loss and its related | | |
| income tax effect: | | |
| i) Re-measurements of Defined Benefits Plans | (76.00) | 32.72 |
| ii) Income Tax relating to Re-measurements of Defined Benefit Plans | - | - |
| **Total Other Comprehensive Income** | **(76.00)** | **32.72** |
| **Total Comprehensive Income for the year/ for the period** | **1,256.88** | **5,619.21** |

## 'NOTE "22" : EARNING PER SHARE

### Accounting Policy

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted

net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

Disclosure of Earnings Per Share (EPS) computation as per Indian Accounting Standard -33

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Profit available for appropriation as per Profit & Loss Statement (₹ in million) | (356.08) | (10,564.00) |
| Weighted average No. of equity shares outstanding during the year (₹ in million) | 62,771.38 | 62,365.45 |
| Basic and Diluted EPS (₹) | (0.01) | (0.17) |
| Face value per equity share (₹) | 10 | 10 |

## 23. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS

**Accounting Policy**

i) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events, and it is probable that there will be an outflow of resources.

ii) Contingent liabilities are not provided for and are stated by way of notes to accounts. Contingent liabilities are disclosed in respect of possible obligations that arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

iii) Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

**ONEROUS CONTRACTS**

An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

### 23.i. Contingent liabilities (to the extent not provided for)

Claims against the entities of the Group not acknowledged as debts:

**(₹ in million)**

| S. No. | Description | Balance as on March 31, 2024 | Balance as on March 31, 2023 |
|---|---|---|---|
| 1 | Income Tax Demand Notices received by the Group which are under dispute / Appeal | 1,751.44 | 1,426.06 |
| 2 | GST Demand & Interest on GST Demand | 637.30 | 296.22 |

| S. No. | Description | Balance as on March 31, 2024 | Balance as on March 31, 2023 |
|---|---|---|---|
| 3 | Interest on dues payable to AAI/DIAL/MIAL | 909.06 | 939.28 |
| 4 | Service Tax & Luxury Tax demanded by the Tax Authority | 80.89 | 80.89 |
| 5 | Counter Claim of Sahara Hospitality Ltd. | 23.57 | 23.57 |
| 6 | Arbitration Award for B D & P Hotels Challenged in Court | 5.40 | 5.40 |
| 7 | Arbitration proceedings against N S Associates | - | 6.96 |
| 8 | Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra | 44.80 | 44.80 |
| 9 | Landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre, J&K Govt. disputed | 50.62 | 50.62 |
| 10 | Awards that have gone against the Group and preferred an appeal | 1.06 | 1.06 |
| 11 | Other/ Miscellaneous Claims | 43.87 | 358.50 |
| 12 | Other Claims on account of Staff/Arbitration/Labour Cases under dispute. | Amount not Ascertainable | Amount not Ascertainable |
| 13 | SEBI LODR | 8.90 | 2.01 |
| 14 | DRDO | 318.35 | - |
| | **Total** | **3,875.26** | **3,235.37** |

**Explanatory Statement in respect of contingent liabilities (to the extent not provided for):**

**In Case of Holding Company:**

**a.** The Income Tax Department has raised demands under section 143(1) for the assessment year 2020-21 amounting to ₹ 461.84 million. In the opinion of the Company, there was an apparent error in the demand, hence the Company had applied on 2nd November 2021 for the rectification of the error under section 154 of the Income Tax Act. The department had issued a notice under section 142(1) for the said assessment year 2020-21 for the scrutiny assessment. An assessment order u/s 143(3) dated 6th September 2022 has been issued. However, refund of TDS amounting to ₹ 24.62 million has been adjusted by the department against the demand generated for delayed payment of advance tax in spite of the fact that interest u/s 234B & 234C had already been paid by the company at the time of filling the ITR. Therefore, an application/response for rectification of apparent mistake in the order issued by the department has been filed by the company dated 30th November 2022. The same is under process.

**b.** The then Air India/subsidiaries' employees' union/employees have filed cases in various courts against AIL/subsidiaries/Union of India relating to various matters, making the

Company also a party. In the opinion of the management, the Company should not be made a party to these cases and the amount of liability is not ascertainable at present.

**c.** Properties have been book transferred to the Company by the then AIL and the title and physical possession of these properties were with the AIL on the date of transfer. Hence, the dues, if any, towards property taxes/ house Tax and/or any other claim as on the date of transfer against these properties has not been informed/intimated by the then AIL. However, an additional estimated provision of ₹ 1010.33 million (Previous Year ₹ 571.50 million) made against property / other taxes for the financial year 2023-24 based on management estimation.

**d.** In terms of the requirement of SEBI regulation, LODR Regulation 2015, BSE has raised demands for delayed submission of half-yearly/quarterly financials for aggregated amount of ₹ 8.90 million (Previous year ₹ 2.01 million) as on 31.03.2024.
Bombay Stock Exchange (BSE) on Company's request had waived the penalty demand of ₹ 0.23 million for a half yearly LODR due in September, 2021 under SEBI (LODR) Regulations, 2015.
The Ministry of Civil Aviation vide letter dated 25.10.2022 & the Company's letter dated 25.09.2023 and recent letters dated 25.09.2024 have requested BSE to consider waiver of penalties. Hence liability has not been provided for in the books of the company.

**e.** The company has received communication dated 3rd August 2023 from Dy Head MMG (DRDO) for levy of ₹ 318.35 million for liquidated damages / Interest on advance including IGST TDS against the recoverable from DRDO transferred by the then AIL. The company has taken up the matter of liquidated damages with DRDO, AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023 and therefore liquidated damages should not be levied by DRDO. Hence liability has not been provided for in the books of the company.

**f. In Case of AIESL:**

*Income Tax (TDS) Demand Notices received by the Company which are under appeal:

**(₹ in million)**

| S.No. | FY | Total amount of Default u/s 210(1) | Total amount of Interest u/s 210(1A) | Total Demand | Appeal Status |
|---|---|---|---|---|---|
| 1 | 2014-15 | 16.48 | 11.93 | 28.41 | Appeal filed before CIT(A) against the assessment order. |
| 2 | 2015-16 | 27.75 | 16.85 | 44.60 | Appeal filed before CIT(A) against the assessment order. Date of hearing vide notice dated 13.07.2022 was 28.07.2022 and adjournment was sought. |
| 3 | 2016-17 | 42.68 | 20.70 | 63.38 | Appeal was filed before CIT(A) on 28.08.2020. |

| S.No. | FY | Total amount of Default u/s 210(1) | Total amount of Interest u/s 210(1A) | Total Demand | Appeal Status |
|---|---|---|---|---|---|
| 4 | 2017-18 | 135.72 | 48.86 | 184.58 | Appeal was filed before CIT(A) on 28.08.2020. |
| 5 | 2018-19 | 261.11 | 62.67 | 323.77 | Appeal was filed before CIT(A) on 28.08.2020. |
| | **Total** | **483.74** | **161.00** | **644.74** | |

*Interest u/s 220(2) on the above demand as on 31st March, 2024 will be ₹ 314.55 million (Previous Year ₹ 237.49 million).

**g. In Case of AIASL:**

Income tax demand notices received by the Company which are under appeal

| S.No. | Particulars | AY | Appeal status | ₹ in million |
|---|---|---|---|---|
| 1 | The income tax outstanding demand order raised on March 04, 2016 u/s 143(3) | 2013-14 | CIT(A) on April 07, 2016 | 19.18 |
| 2 | The income tax outstanding demand order raised on May 22, 2023 u/s 147 | 2017-18 | CIT(A) on August 21, 2023 | 6.29 |
| 3 | The income tax outstanding demand order raised on December 27, 2019 u/s 143(3) | 2017-18 | CIT(A) on January 21, 2020 | 6.60 |
| 4 | The income tax outstanding demand order raised on May 25, 2021 u/s 143(1) | 2017-18 | Response to IT Dept on June 09, 2022 | 5.40 |
| 5 | The income tax outstanding demand order raised on May 21, 2021 u/s 143(1) | 2018-19 | CIT(A) on October 04, 2021 | 80.76 |
| 6 | The income tax outstanding demand order raised on December 23, 2021 u/s 143(1). In this, ₹ 82.65 million amount of tax has already been paid on October 16, 2021 | 2020-21 | CIT(A) on October 29, 2022 | 200.25 |
| | **Total** | | | **318.48** |

GST demands including interest against notices received by the Company

| S.No. | Particulars | FY | Notice Status | ₹ in million |
|---|---|---|---|---|
| 1 | Delhi | 2017-2021 | GST Notice | 7.96 |
| 2 | Punjab | 2019-2020 | GST Notice | 29.48 |
| 3 | Tamil Nadu | 2019-2020 | GST Notice | 138.15 |
| 4 | Uttar Pradesh | 2019-2020 | GST Notice | 51.49 |
| 5 | West Bengal | 2019-2020 | GST Notice | 84.13 |
| 6 | Chhattisgarh | 2019-2021 | GST Notice | 0.49 |
| 7 | Odhisha | 2019-2020 | GST Notice | 11.50 |
| 8 | Maharashtra | 2020-2022 | GST Notice | 6.73 |
| | | | **Total** | **329.94** |

Interest on GST demands against which appeal was filled by the company

| S.No. | Particulars | FY | Notice Status | ₹ in million |
|---|---|---|---|---|
| 1 | Maharashtra | 2017-2020 | Appeal filed | 240.72 |
| 2 | Goa | 2019-2020 | Appeal filed | 32.56 |
| 3 | Rajasthan | 2017-2020 | Appeal filed | 0.78 |
| 4 | Bihar | 2017-2021 | Appeal filed | 12.34 |
| 5 | Karnataka | 2018-2019 | Appeal filed | 0.19 |
| 6 | Tamil Nadu | 2018-2019 | Application for rectification of order filed | 17.65 |
| 7 | West Bengal | 2018-2019 | Appeal filed | 0.53 |
| 8 | Assam | 2018-2019 | Appeal filed | 2.58 |
| | | | **Total** | **307.35** |

**Other claims on account of staff/civil/arbitration cases pending in courts**

| S.No. | Description | Name of parties | Case no. | ₹ in million |
|---|---|---|---|---|
| 1 | It is against the punishment of removal from services for misconduct relating to loss of business to the company. The party has asked for re-instatement with back wages in | M L Shetty | CGIT 2/12-2016 Pending for hearing | 0.21 |

| S.No. | Description | Name of parties | Case no. | ₹ in million |
|---|---|---|---|---|
| | services till the date of normal retirement, i.e., December 31, 2016. | | | |
| 2 | The workman is challenging the order dated March 01, 2016 regarding his removal from the services for misconduct relating to defamation of AIATSL Executives. He is demanding continuity in services with full back wages. | ST Katkar | CGIT 2/13 of 2016 Pending for hearing | 2.30 |
| 3 | It is against the punshiment of removal from the services relating to willful insubordination or disobedience of any lawful and reasonable order of his superior and neglect of work. The party is asking for re-insistatment in service with full back wages and other benefits. | PN Powar | CGIT 2/3 of 2017 Pending for hearing | 2.30 |
| 4 | This reference is against the termination of contract for misconduct. The party has claimed re-instatement with full back wages w.e.f October 17, 2017, i.e., date of termination of contract. | SB Adhav | CGIT 2/15 of 2017 Pending for hearing | 0.20 |
| 5 | Claim of M/s Khullar Hospitality Private Limited (in Liquidation) ₹ 31.01 millions is liable to be paid to M/s.Khullar Hospitality Pvt Ltd. After considering the claim of ₹ 8.85 millions due to AIASL, AIASL is liable to pay ₹ 22.16 millions in 3 monthly installments and accordingly, first installment of ₹ 7 millions was paid on February 22, 2021. The balance amount of ₹ 15.17 millions is yet to be paid. | Khullar Hospitality Pvt. Ltd. | Writ Petition | - |

| S.No. | Description | Name of parties | Case no. | ₹ in million |
|---|---|---|---|---|
| 6 | The Party had raised a demand of ₹ 9.90 millions (including penal interest and GST thereon) for providing baggage, cargo handling and miscellaneous services at Jaipur Airport.The Company has reviewed all their outstanding bills and found that the bills raised by the vendor were not correct and even for a single service, billing for double services has been raised. Hence, the claim has not been acknowledged as debt and has been shown as contingent liability. | Neha Aviation Management Pvt. Ltd. | NA | 9.90 |
| | **Total** | | | **14.91** |

**h. In Case of AAAL:**

(i) The above figure of Rs. 788.22 millions represents the excess of Interest on TDS as calculated by Traces compared to our calculations.

(ii) Unsettled legal claims of Rs. 28.96 million (Previous Year- Rs. 25.24 million) in respect of ongoing legal cases

**i. In Case of HCIL:**

(i) Claims of Luxury Tax authorities, for financial year 2000-01 and 2002-03 for which the Company has preferred an appeal with Additional Commissioner of Sales Tax against which Company has paid Rs.7.07 million (previous year Rs. 7.07 million) under protest.

(ii) Claims of Service Tax amounting to Rs. 58 million for which the Company has preferred appeals

(iii) Counter Claim of Rs. 23.57 million by M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of Centaur Hotel Mumbai Airport, towards Net Current Assets which was disputed by the Company, as the Net Current Assets and other obligations of the buyer were to be settled in terms of the Agreement to Sell dated 18.4.2002. In the prior years, the Hon'ble Arbitral Tribunal published their award under which the buyer had to pay Rs 18.8 million and interest thereon along with legal costs of Rs 0.40 million. The buyers preferred an appeal in the Hon'ble High Court of Bombay against the award.The Hon'ble High Court has set aside the Arbitration Award. This has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing .

(iv) The Management Contract Agreement executed on 15 September 2010 with M/s B.D.&P Hotels (India) Pvt Limited for running the Centaur Hotel Lake View, Srinagar (CLVH) under Management Contract. However, before handing over the unit, a communication was received from the Ministry forwarding the decision taken in the meeting of the Committee of Secretaries, GoI stating that J&K Govt had indicated that since the land was leased to the Company by J&K Government, the Management Contract was not feasible and the decision of offering the unit

under Management Contract may be reviewed. Accordingly, with the approval of the Board the said Management Contract was terminated on 26 September 2011 and the interest free Security Deposit of Rs.100 million and proportionate Minimum Guaranteed Amount of Rs 10.8 million deposited by the party was returned to the Bidder, M/s BD & P Hotel (India) Pvt. Ltd.

M/s B.D.&P Hotels (India) Pvt Limited had filed a writ in the High Court of Bombay for invoking arbitration. The Hon'ble High Court granted the appeal of the party and sole arbitrator was appointed. The party challenged the termination of the Agreement and claimed Rs 3410 million plus 18% interest from the Company, The Arbitration Award was received on 14th August 2015 directing HCI to hand over the property to the party along with legal cost of Rs 5.4 million, which was challenged by the Company in the Hon'ble High Court of Bombay . Vide order dated 8 January 2019 passed by the single judge the arbitration petition has been dismissed. Subsequently, the Company has challenged the said order before the Division Bench of Hon'ble High Court of Bombay in March 2019 and is still pending for hearing. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

(v) The Company had entered into an Agreement with M/s. N S Associates for renovation of guest rooms together with connected shafts and corridors at Centaur Hotel Delhi Airport(CHDA). Certain disputes and differences arose with the said Party and the final bill was not settled. Accordingly, the party invoked arbitration clause claiming an amount of Rs 78.78 million and interest thereon @ 15%. The Arbitration Award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that the Company has to pay only Rs. 8.84 million along with litigation costs of Rs.0.5 million plus 12% interest payable to the party. M/s N S Associates have filed an execution petition for the award under which warrants are to be issued . As per the execution order the company has provided liability for an amount of Rs 1977 million which includes interest upto 10.08.2024, further interest payable till the date of settlement of the claim, shall be provided as and when the claim is settled .

(vi) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 44.8 million from M/s V. Hotels Limited and from the Company for premium payable on the transfer of 1810 sq.mtr of land attached to the hotel property which was on lease from the State Govt. and is to be kept open to sky - to be used only as garden. The same was disputed by the Company before the Revenue Minister, Government of Maharashtra quoting the Agreement to Sell . The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium. M/s V. Hotels Limited has challenged the order in the Bombay High Court, wherein the Company has been made a party.

(vii) Pertains to the Company's share of the cost of landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre/ J&K Govt., disputed by the Company

(viii) Awards that have gone against the Company for which appeals are preferred

(ix) Lease rentals and Turnover levy amounting to Rs 601.15 million(previous yearRs. 581.40 million) are payable to Airports Authority of India (AAI)/DIAL/MIAL and the same are provided in the books of accounts as per the working of the Company, subject to confirmation . In view of disputes with AAI/DIAL/MIAL, interest on account of outstanding dues payable to AAI/DIAL/MIAL amounting to Rs 906.00 million (previous year939.28 million) is reflected as Contingent Liability.

(x) Claims made by employees - various claims on account of reinstatement, promotions, permanency, wage revision, etc by existing and retired employees of the Company are under litigation and the claims will depend on the outcome of the cases. Hence amount is indeterminate

**23.ii. Contingent Assets in case of HCIL:**

The Hon'ble Arbitral Tribunal published their award under which M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of erstwhile Centaur Hotel Mumbai Airport had to pay an amount of ₹18.8 million and interest thereon along with legal costs of ₹ 0.40 million to the Company . However, the buyers preferred an appeal in the Hon'ble High Court of Bombay against the award. The Hon'ble High Court set aside the Arbitration Award, which has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing.

**23.iii. Guarantee given by the Holding Company:**

As per the approval granted by the Board of Directors in its 29th meeting held on 27th December 2021 the Company has given guarantees of USD 71.74 million (equivalent to ₹5,983.47 million). Out of this, USD 45.60 million (equivalent to ₹ 3,803.27 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,588.87 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹ 591.34 million) in the form of BG issued on behalf of a subsidiary M/s Alliance Air Aviation Limited (AAAL) for lease agreements executed with M/s DAE, M/s Elix and M/s AVAP for leasing of 18 number of ATR-72 aircraft. Against such SBLC/BG a cash margin of ₹ 2,284.20 million in the form of fixed deposit has been given by the Company to the bank. The total exposure of corporate guarantee and SBLC given to DAE shall not exceed USD 38.10 million (equivalent to ₹ 3,177.73 million). FEDAI spot rate (83.405) as on 31st March 2024 has been adopted for the conversion of USD into ₹.

**In the case of Subsidiary AIESL :**

The company has given Performance Guarantee (BG) amounting to ₹ 58.79 million (previous year ₹ 1.00 million) to Bangalore International Airport Limited (BIAL) amounting to ₹ 2.00 million, Center For Airborne Systems (CABS) ₹ 10.00 million, INS Garuda ₹ 0.06 million and Ministry of Defence ₹ 46.73 million for due performance of the obligation under the contract and ₹ 183.14 million to President of India against advance.

**23.iv. Capital & Other Long-Term Commitments:**

**In the case of Holding Company :**

Commitments against the repayment of Non-Convertible Debentures are as under: -

| S. No. | Particular | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|---|
| | | (₹ in million) | (₹ in million) |
| 1 | **Due Dates of Principal Repayments** | | |
| | 1. 7.39% Series – II dated 12-10-2029 | 70,000.00 | 70,000.00 |
| | 2. 7.39% Series – III dated 22-10-2029 | 79,850.00 | 79,850.00 |

**In the case of Subsidiary AIASL :**

**(₹ in million)**

| S.No. | Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|---|
| 1 | Intangible assets | 54.08 | 66.08 |
| 2 | Ramp equipments | 21.86 | 29.65 |
| 3 | Computers | 7.86 | 4.48 |
| 4 | Vehicles | - | 17.85 |
| 5 | Furniture and fixtures | - | 0.35 |
| 6 | Workshop equipment & instruments | - | 0.31 |
| 7 | Office equipments | - | 0.79 |
| | **Total** | **83.80** | **119.50** |

**In the case of Subsidiary AAAL :**

Provision for Redelivery: - Movements in the provisions for redelivery are disclosed hereunder:

**(₹ in million)**

| S.No. | PARTICULARS | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|---|
| 1 | Balance as at beginning of the year | 681.33 | 571.65 |
| 2 | Provisions created during the year | - | 53.3 |
| 3 | Interest accretion on provisions during the year | 6.46 | 6.09 |
| 4 | Amounts utilized/adjusted during the year | - | - |
| 5 | Impact of exchange loss on restatement of opening provision | - | - |
| 6 | Impact of exchange Gain/Loss on restatement of closing provision | 10.24 | 50.29 |
| | **Balance as at end of the year** | **698.03** | **681.33** |
| | **Balance as at end of the year - non-current** | **698.03** | **681.33** |
| | **Balance as at end of the year - current** | **-** | **-** |

**In the case of Subsidiary AIESL:**

AIESL has signed a Long-Term Maintenance Agreement (LTMA) with Indian Air Force (IAF) on 4th March, 2021 for the purpose of operation and maintenance of Special Extra Section Flights

(SESF) two B-777 ER Aircraft for a period of five years from the effective date. The effective date of LTMA is 28th March, 2021.

## 24. DISCLOSURE WITH REGARD TO JOINT WORKING GROUP

**In the case of AIASL**, HAL Bangalore airport belongs to Hindustan Aeronautics Limited (HAL). A Joint Working Group (JWG) was formed between the then Air India and HAL effective 24.3.1999 which was in force till 31.3.2014. Effective 1st April 2014, on operationalization of AI Airport Services Limited, AIASL entered into an Joint Working Group agreement with HAL called HAL-AIASL JWG to provide the expertise of the Company for Ground Handling Services at Bangalore Airport. In terms of such arrangement, the Company will use all infrastructure of HAL and the expertise of AIASL to provide Ground Handling Services at that airport and in terms of the same net profit of AIASL-HAL JWG, shall be shared equally between HAL and the company. Accordingly, 50% share of net profit of AIASL-HAL JWG for the current year amounting to ₹ 17.40 millions has been accounted for as Other Income.

**( ₹ in Million )**

| **Name of the joint working Group (HAL-AIASL JWG)** | **AIASL joint working group** | |
|---|---|---|
| | **As at March 31, 2024** | **As at March 31, 2023** |
| Share of company / ownership interest | 50% | 50% |
| Income - company's share | 78.60 | 62.50 |
| Expenditure - company's share | 43.80 | 35.10 |
| Profit - company's share | 34.80 | 27.40 |
| Share of income of joint working groups of the company with HAL | 17.40 | 13.70 |
| Contingent liability | - | - |

## 25. ENTITLEMENT OF “SERVICE EXPORT FROM INDIA SCHEME” (SEIS) :

**In the case of AIASL**, The company is entitled for credit under the “Service Export from India Scheme” on the basis of the foreign exchange earned by the company through export of services. The said benefit, in the form of license /scrips, is provided by the Director General of Foreign Trade (DGFT). During the year, the company had received a license amounting Rs 41.11 millions for FY 2019-20 from Directorate General of Foreign Trade (DGFT) dated February, 08 2024, The company has recognized this license as assets after crediting to other income. Further, company has sold licences received for FY 2018-19 and FY 2019-20 to consultant M/s Shangrila Corporate Services Private Limited and hence there is no licenses held with the company as on 31.03.2024.

During the year FY 21-22, SEIS license no. 0319271362 issued for the year 2017-18 having entitlement claim of ₹ 22.06 millions, had expired on January 19, 2022. The company had applied to Policy Relaxation Committee (PRC) for extension of expiry date for the aforesaid

license and accordingly, the Company had created a provision to the extent of full value of the license during FY 2021-22.

## 26. CLAIMS FROM JET AIRWAYS (INDIA) LTD.

**In case of AIASL**, Company has submitted its claims of ₹ 250.18 millions (including interest) from M/s Jet Airways (India) Ltd to the Interim Resolution Professional / Resolution Professional of M/s Jet Airways (India) Ltd out of which claims of ₹ 166.10 millions has been admitted. Further, with reference to regulation 39 (5A) of the Insolvency and Bankruptcy Board of India Regulations 2016, principle or formulae proposed to Operational creditors (other than Workmen & employees and Ticket Refund) under the Approved Resolution Plan (Jet Airways (I) Limited) by Hon'ble NCLT on 25th June 2021 vide order dated 22nd June 2021, payment of a fixed sum of ₹ 15000/- (irrespective of the claim amount) to each Relevant Creditor was awarded. The company has submitted that the payment of a fixed sum of ₹ 15,000/- was not acceptable. However, 100% provision of the receivables from M/s Jet Airways (India) Ltd is considered in ECL.

## 27. CLAIMS FROM GO AIRLINES INDIA LTD

**In case of AIASL**, The Go Airlines India Limited had submitted their application to NCLT for insolvency resolution process and accordingly NCLT had accepted the application and initiated the insolvency process vide order dated May 10th, 2023 and the Company had filed its claim amounting Rs 220.35 millions in the previous year (including interest amounting Rs 11.27 millions) and accordingly company has made the 100% provision of the receivables excluding interest in ECL in the previous year.

## 28. EVENT OCCURING AFTER BANACE SHEET DATE IN CASE OF SUBSIDIARY AAAL

**a.** A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises was on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx.. Rs. 0.07 million. The necessary accounting for the same will be affected in FY 2024-25.

**b.** Whistleblower Complaint and Pending Investigation

i. In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). Based on the same allegations, an internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024. The matter is currently under investigation by the Vigilance Department, and the final report is awaited. No conclusions can be drawn until the Vigilance Department submits its findings.

ii. A provision has been created for the potential recovery of the salary paid to the erstwhile CFO without Board approval, amounting to Rs. 0.21 million.

**iii.** A provision for potential recovery, amounting to Rs. 4.85 million has been created under the category "Outstanding recoveries" in relation to the alleged payment to M/s Allywired Soft Solutions Private Limited based on forged invoices.

The event qualifies as an adjusting event under IND AS 10 (Events After the Reporting Period). The provisions will be adjusted, and appropriate actions will be taken based on the final findings of the Vigilance Department's investigation report.

**c.** Approval and Signing of Financial Statements
As per Section 134 of the Companies Act, 2013, the financial statements, including consolidated financial statements, must be approved by the Board of Directors and signed by:

i. The Chairperson of the company, if authorized by the Board;
ii. Two Directors (one being the Managing Director, if applicable);
iii. The Chief Executive Officer (CEO);
iv. The Chief Financial Officer (CFO); and
v. The Company Secretary, where appointed.

In this regard, CFO Position: Shri Ambar Mondal, the then CFO, ceased to hold office on 31.07.2024. The Company is in the process of recruiting a new CFO. CEO Position: Shri Vineet Sood, the then CEO, resigned on 21.09.2024. Subsequently, Shri Rambabu Ch., CEO of AI Airport Services Limited (AIASL), has been given additional charge as CEO of Alliance Air by the Ministry of Civil Aviation w.e.f. 21.09.2024. Accordingly, the financial statements for the year ended 31st March 2024 have been approved by the Board of Directors and signed by:

i. The Chairperson of the company, if authorized by the Board;
ii. Director
iii. The Chief Executive Officer (CEO) and
iv. The Company Secretary

## 29. EXCEPTIONAL ITEMS IN CASE OF SUBSIDIARY AIESL

**i.** The Department of Public Enterprises, Ministry of Heavy Industries, vide notification No. W-08/005/2016-DPE(WC) dated 9th June, 2016, had appointed 3rd Pay Revision Committee (PRC) with an aim to provide employees of CPSE's with suitable working conditions, emoluments and incentives to motivate them to strive for the profitability of the company. The committee submitted its report on 21st November, 2016 and recommended to implement the same. The company has initiated the process for the implementation of 3rd PRC for eligible categories of employees and estimated ₹ 2,532.60 million towards implementation and a provision of ₹ 2,532.60 million has been made in the books of accounts in the FY 2023-24. Further, a committe has been constitutied for the negotation with the concerned stake holders.

Additional liability of ₹ 62.42 million has also been made for FTE wage increase as per approval from competent authority. Both provisions for total amounting to ₹ 2,595.02 has been classified as exceptional items.

**ii.** The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15th March, 2023 for providing above mentioned medical benefits does not envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2334.20 million in the FY 2022-23 which had been accounted for based on the actuary valuation.

## 30. REMUNERATION TO STATUTORY AUDITORS

The details of the audit fees and out of pocket expenses are as under:

**(₹ in million)**

| Particulars | F.Y. 2023-24 | F.Y. 2022-23 |
|---|---|---|
| Audit Fees including quarterly review | 2.75 | 2.45 |
| Out of Pocket Expenses | 0.21 | 0.13 |
| Other audit fees (Tax Audit & Limited Review Fees) | 0.43 | 0.28 |
| **Total** | **3.39** | **2.86** |

The above amount includes remuneration to statutory auditors for entities held for sale amounting to ₹2.45 million (Previous year ₹2.09 million)

## 31. RECONCILIATION / CONFIRMATION

**In case of Holding Company**, the Company has sought the confirmation of balances for major receivables and payables as on 31st March 2024. Some of the parties have responded and their balances are in agreement with the books of the Company.

The balances of GST input tax credit as per books and as per GST portal are not reconciling and the company is under the process of reconciliation of the same.

**In case of AIESL:**

**(a)** The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% (Previous year 75.57%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

**(b)** Good & Service Tax (GST) and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

**(c)** The company has some reconciled balances and certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/recoverable from staff and payables including certain control ledgers mainly due to legendry transfer entries in supplier suspense accounts, GRIR accounts, security deposit from vendors etc. from the then holding company (Air

India Ltd. prior to disinvestment), the company is in the process of forming a committee for the reconciliation of the same and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

**In case of AIASL:**

**(a)** The Company has sought for the confirmation of balances for major trade receivables and the company has obtained the balance confirmation of balances receivables from the holding company, sister concern of the holding company (except AI Engineering Services Limited) and is yet to obtain the balance confirmation from some other parties. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and after approval from appropriate authority.

**(b)** The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and after approval from appropriate authority.

**(c)** Statutory dues have been reconciled with the returns filed and statutory records maintained by the company. Filing of GST annual returns for the year are in process. Impact, if any, of the consequential adjustments arising out of the filing of annual returns will be dealt with in the year of filing of annual return for the year and after approval from appropriate authority.

**In case of AAAL:**

**(a)** The company has sought confirmation of balances for major receivables and payables. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of the differences is under process.
Details of unconfirmed balances are tabulated as under:

| Head of Account | Balance as per Books (₹ in million) | Balance which is unconfirmed (₹ in million) | % of amount unconfirmed |
|---|---|---|---|
| Trade Payable | 15,923.18 | 1,123.08 | 7.05% |
| Trade Receivable | 516.34 | 3.89 | 0.75% |

**(b)** Balance confirmation certificates as on 31st March 2024 have been sent to all vendors and customers. Confirmations have been obtained from 92.95% (previous year: 97.43%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/Ministry and 99.25% (previous year: 96.83%) of the total dues as on 31st March 2024 is confirmed.

**(c)** An amount of Rs. 110.31 million is outstanding in books of accounts on account Suppliers Suspense Ledgers. The reconciliation and matching of Supplier – Ramco, Suspense Ledgers by relating GRN and PO is under process and necessary accounting action will be taken during 2024-25.
Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/C.

**(d)** Status of Reconciliation with Airport Operators

i. Reconciliation with the Airport Authority of India has been carried out and has been reconciled till 31.03.2024.
ii. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2024

**In case of HCIL:**

**(a)** The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, in respect of the Holding Company and its subsidiaries as on 31st March 2024

**(b)** b) The Company is also obtained confirmation of balances in respect of major Trade payables, other Trade Receivables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2024. Confirmation from some of the trade receivables are in process Accordingly, such accounts reflect the balances as per their respective ledger accounts and are subject to adjustments, if any on reconciliation of accounts. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

**32. EMPLOYEES BENEFITS**

**In case of Holding Company,** refer note no. - 19.

**In case of AIESL:**

**a.** Defined Contribution Plan

Employees' provident fund: The company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹ 300.80 million (previous year: ₹ 297.67 million)

**b**. Defined benefit plans

Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). Gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

**c.** Compensated Absence

The Company has a policy on compensated absences with provisions on accumulation and encashment by the employees during employment or on separation from the company due to death, retirement or resignation. The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

**d.** Bonus is payable to employees as per the provisions of the Payment of Bonus Act, 1965 and the provision for the same has been made in the current financial year.

**In case of AIASL:**

**(a) Defined contribution plan**
Employees provident fund: The company has employees provident fund trusts under the Provident Fund Act, 1925 for permanent employees. Also, the company subscribes

to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹441.30 million (previous year: ₹ 327.79 million)
There is a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952.

**(b)** Defined benefit plans:

a) Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

b) Post-retirement medical benefits: The company has a post-retirement medical benefit scheme under which medical benefits are provided to retired employees and their spouse.

**Notes:**

**i.** Gratuity is payable as per company's scheme as detailed in the report. Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).All above reported figures of OCI are gross of taxation. Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees. Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above for forseeable future of next 10 years. Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation. Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing, where weights are derived from the present value of each cash flow to the total present value. Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures.

**ii.** The company is showing Rs 137.80 million payable as on 31st March, 2024 towards employees on account of PLI consisting of Rs 66.73 million payable to Active staff and inactive staff due to non-vacation of housing colonies and non-availability of bank details respectively. Further, Rs 71.08 million has been showing as payable which will get paid on receipt of funds from Air India or AI Assets Holding Limited for which AIASL has been following up with both companies.

**iii.** Air India PF Trust deposited amount into AIASL account and same was disbursed in to their PF account accordingly. However, in respect of few cases for amounting to Rs 41.19 million who are long absenteeism case who are not contactable, their UAN number could not be created to transfer the amount in their respective PF accounts. In fact had the employees been present their

UAN number could have been generated and would have transferred from PF Trust to EPFO, however, since the employees are not traceable/contactable, there is no option but to keep intact the funds available.

**(c)** Other long term employee benefits

i. Compensated Absence

The Company has a policy on compensated absences with provisions on accumulation and encashment by the employees during emloyment or on separation from the company due to death, retirement or resignation.The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

ii. Bonus

Bonus is payable to all employees as per the provisions of the Payment of Bonus Act, 1965 and the provision for the same has been made in the current financial year.

**In case of AAAL:**

The Company provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19 issued by the Institute of Chartered Accountants of India.

a. Privilege Leave Encashment is payable to all eligible employees at the time of retirementup to a maximum of 300 days. Leave Encashment liability for the current financial year is Rs. 4.49 million (Previous Year Rs.1.80 million) considering the high attrition rate of the employees.
b. Defined Benefit Plan –
   i. Provident Fund (Funded)
   The company pays a fixed contribution to the provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The company has an obligation to ensure a minimum rate of return to the members as specified by GOI.
   As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of Rs. 21 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.
   During the year, PF deductions for 32 employees was not been deducted and in the month of June 2024, an amount of Rs 31,908 has been deducted and transferred to PF Trust.
   ii. Gratuity (Unfunded)
   The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the

company as and when it becomes due and is paid as per the Gratuity Scheme of the company. During the year, there were no plan amendments, curtailments or settlements.

iii. Leave Encashment (Unfunded) –

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

**In case of HCIL:**

a. Defined Contribution Scheme:
Contributions to Defined Contribution Scheme of Provident Fund and Employee State Insurance are charged to the Statement of Profit & Loss, Rs 29.24 million (Previous Year Rs.36.34 million)

b. Defined Benefit Plan:
Gratuity: Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act

c. Privilege Leave Encashment: Privilege Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 300 days.

d. Privilege for Sick Leave Encashment: Privilege for Sick Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 120 days. The provision of which has not been created, as the company is in practice of final settlement when the actual payment is computed/determined

e. Post Retirement Medical Scheme: Post Retirement Medical Scheme is payable to all permanent employees who opt for the scheme at the time of retirement. The reimbursement of medical expenses for self and spouse for their entire lifetime is upto a maximum of Rs 10 lakhs.

f. Wage Revision
    i. The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands
    ii. After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.
    iii. In view of the above , total estimated provision for arrears of wage revision for the unionised category of employees as on 31.3.2023 is ₹ 146.36 million against which an advance of ₹ 34.48 million is shown in the books of accounts. The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalised.

iv. The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.

v. The Management had announced an interim relief of ₹ 5,000/- per month per employee for officers effective 1.1.2017 which continues

to be paid and has been expensed out in the Statement of Profit and Loss Account. As and when wage revision is approved, this amount would be adjusted against arrears payable , if any, for which employeewise details have been maintained separately in the books of accounts as Advance against Interim relief ₹73.34 million and Provision against Interim Relief amounting to ₹ 70.74 million.

**33. INTERNAL CONTROLS**

**In case of Holding Company:**

**a.** The Company is in continuous process of strengthening the internal control process in the company so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations and user departments. The company has appointed independent firm for conducting the internal audit to provide suggestions for the improvement in the system required, if any.

**b.** **Audit Trail:** The company is maintaining its books of accounts using accounting software that contains the features of Audit Trail. However, the Service Organisation Controls Report, to confirm whether the audit trail feature was enabled and operated throughout the period for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature being tampered with, is not on record.

As per the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

**In case of AIESL,** the Company is in continuous process of strengthening the internal control process in the company so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments. The company has appointed independent firm for conducting the internal audit to provide suggestions for the improvement in the system required, if any.

**In case of AIASL:**

**i.** The company has appointed independent firm of Chartered Accountants for conducting the internal audit to provide suggestions for the improvement in the system required if any. The scope of the internal auditor is reviewed by the management from time to time so as to ensure implementation of the effective internal controls at stations, regional offices and user departments and system for uniform and timely accounting entries of transactions.

**ii.** Suspension of Accounting ERP software by Software Implementor
M/s Uniq Data Solutions Private Limited (UDSPL), implementor of accounting ERP software (Odoo) has unilaterally suspended the software on 15th Jun, 2024

(which is in complete contravention to terms of the Contract) against which Company has filed the suit against M/s UDSPL as per the conract entered with UDSPL (matter is under subjuidice).
Due to unavailability of software (not in control of the company), Company has prepared its financials after passing few closing entries manually to make the Trial Balance as final one which was downloaded from Odoo on 8th Jun, 2024 along with complete ledger accounts.

**In case of AAAL,** To ensure regulatory and statutory compliance as well as to provide the highest level of corporate governance, the company has an adequate internal control system and process in place for the smooth and efficient conduct of business. A comprehensive delegation of power exists for smooth decision making which is periodically reviewed to align with changing business environment and for speedier decision making. Elaborate guideline forth preparation of accounts is followed consistently for uniform compliances. In order to ensure that all checksand balances are in place and all internal control systems are in order, a regular and exhaustive internal audit is being conducted by an independent firm of Chartered Accountants. The scope of the internal auditor is reviewed by management from time to time to ensure to implement the effective internal controls at stations, regional offices and user departments and a system for uniform and timely accounting entries of transactions in SAP. Besides, the company has Audit Committee, to keep a close watch on compliance with the internal control system. The external modules used for MMD & Revenue accounting are periodically reviewed and any deficiencies noticed have been dealt with by ensuring the correct financial reporting by the management. Alliance Air has already implemented new SAP effective from 1st April 2023. All the transaction during 2023-24 has been accounted in the New SAP. The closing balance of all General ledger as on 31st March 2023 have been freeze and the same have been migrated as opening balance in New SAP for FY 2023-24. The backup of all transaction since 01.04.2013 till 31.03.2023 have been maintained in the cloud server for reference purpose.

**In case of HCIL:**

- **i.** Further strengthening of the internal audit process for wider coverage of all the areas and ensure effective internal controls at all units of the Company
- **ii.** Reviewing the frequency of verification of cash,cheques, drafts etc., in hand through internal audit/officers other than cashiers.
- **iii.** Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

## 34. SEGMENT REPORTING

As the Company's business activity primarily falls within a single business and geographical segment, thus there are no additional disclosures to be provided under segment reporting.

## 35. DUES TO MICRO, SMALL& MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:

The information on the outstanding balances to MSME as at 31st March 2024 are as under:-

**( ₹ in Million )**

| **Particulars** | **31st March, 2024** | **31st March, 2023** |
|---|---|---|
| Principal amount due and remaining unpaid | 95.81 | 33.60 |

| Particulars | 31st March, 2024 | 31st March, 2023 |
|---|---|---|
| Interest due on above | 33.01 | 0.35 |
| Payment made beyond the appointed day during the year | - | - |
| Interest paid | - | - |
| Interest due and payable for the period of delay | - | - |
| Interest accrued and remaining unpaid | 33.01 | 0.35 |
| Amount of further interest remaining due and payable in succeeding years | - | - |

**Note 35.1 : In case of Holding Company**, the information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprise as on the basis of information available with the company.

**Note 35.2 : In case of AIESL**, The dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. In other cases, necessary compliance/disclosure will be ensured in due course.

**Note 35.3 : In case of AIASL**, the accounting system (Odoo) has a field, minority indicator in vendor master, which is updated to identify the vendor as MSME. The system is being enhanced to capture more details of MSME vendors, such as certificate no., issuing agency, validity, etc.

**Note 35.4 : In case of AAAL**, The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as SSI. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc. Payments to the undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. There is no interest liability for delayed payments to MSME. Information in respect of micro and small enterprises as at 31 March 2024 is as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

**Note 35.5 : In case of HCIL**, The Micro, Small and Medium Enterprises suppliers defined under "The Micro Small and Medium Enterprises Development Act 2006" have been identified . The payments to such undertakings covered under Micro Small and Medium Enterprises are generally being made within the prescribed credit period agreed upon with the supplier and hence no interest has been provided .The estimated amount of interest towards delayed payments on the outstanding amounts due as on 31.03.2024 is Rs 31.68 millions the same shall be provided as and when demand if any is made during the settlement.

**36. RELATED PARTY DISCLOSURES**

Disclosure of the names and designations of the related parties as required by the Ind AS 24 "Related Party Disclosures", during the year 2023-24:

## A. Key Managerial Personnel & Relatives

### Board of Directors & Key Managerial Personnel of Holding Company

| Sr No | Name of Director | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 1 | Shri Asangba Chuba Ao | CMD | 01.01.2024 (Appointment) |
| 2 | Shri Satyendra Kumar Mishra | Director & CMD | 22.01.2018 (Appointment) |
| | | | 31.12.2023 (Cessation) |
| 3 | Shri Padam Lal Negi | Director | 03.02.2023 (Appointment) |
| 4 | Smt. Parama Sen | Director | 10.06.2021 (Appointment) |
| | | | 12.12.2023 (Cessation) |
| 5 | Shri Solomon Arokiaraj | Director | 27.12.2022 (Appointment) |
| 6 | Shri Rahul Jain | Director | 12.12.2023 (Appointment) |
| | | | 04.05.2024 (Cessation) |
| 7 | Shri Alok Pande | Director | 16.05.2024 (Appointment) |
| 8 | Shri Shobhit Gupta | Director | 25.05.2024 (Appointment) |
| 9 | Shri Rajiv Kapoor | CFO | 12.11.2021 (Appointment) |
| 10 | Ms. Kavita Tanwar | CS | 01.08.2022 (Appointment) |

### Board of Directors & Key Managerial Personnel of AIESL

| S. No. | Name of Director | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 1 | Shri Asangba Chuba Ao | CMD, AI Assets Holding Limited & Joint Secretary, Ministry of Civil Aviation | Chairman & Nominee Director, AIESL (w.e.f. 01.01.2024) |
| 2 | Shri Satyendra Kumar Mishra | Chairman, AIESL (w.e.f. 01.03.2023 to 01.01.2024) | Nominee Director, AIESL (w.e.f. 02.02.2017 to 01.01.2024) |
| 3 | Shri Padam Lal Negi | Joint Secretary & Financial Advisor, Ministry of Civil Aviation | Nominee Director, AIESL (w.e.f. 18.01.2023) |

| S. No. | Name of Director | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 4 | Smt. Parama Sen | Additional Secretary (Former Joint Secretary), Department of Investment & Public Asset Management | Nominee Director (Woman Director), AIESL (w.e.f. 11.02.2022 to 12.12.2023) |
| 5 | Shri Rahul Jain | Joint Secretary, Department of Investment & Public Asset Management | Nominee Director, AIESL (w.e.f. 12.12.2023 to 14.05.2024) |
| 6 | Smt. Nayonika Dutta | Joint Director, Ministry of Civil Aviation | Nominee Director, AIESL (w.e.f. 12.02.2024) |
| 7 | Shri Sharad Agarwal | Chief Executive Officer | w.e.f. 01.05.2022 |
| 8 | Shri Rakesh Kumar Jain | Chief Financial Officer | w.e.f. 20.05.2022 |
| 9 | Ms. Sakshi Mehta | Company Secretary | w.e.f. 09.11.2021 |

**Board of Directors & Key Managerial Personnel of AIASL**

| Sr. No. | Name of key managerial personnel | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 1 | Shri. Vikram Dev Dutt | Chairman | Ceased as CMD effective February 28, 2023 |
| 2 | Shri. Satyendra Kumar Mishra | Chairman | Appointed as CMD effective March 01, 2023 and ceased as CMD effective December 31, 2023 |
| 3 | Shri. Asangba Chuba Ao | Chairman | Appointed as CMD effective January,1,2024 |
| 4 | Shri. Rambabu Ch. | Chief Executive Officer | Chief Executive Officer |
| 5 | Shri Satya Narayan Panda | Chief Financial Officer | Ceased as CFO & KMP w.e.f. December 31, 2022 |

| Sr. No. | Name of key managerial personnel | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 6 | Wing Cdr. Sandeep Malhotra (retd) | Chief Financial Officer | Appointed as CFO w.e.f. December 28, 2022 & KMP w.e.f. on February 09, 2023 |
| 7 | Smt. Shashi Bhadoola | Company Secretary | Appointment 11.06.2020 |

**Board of Directors & Key Managerial Personnel of AAAL**

| S. No. | Name | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 1 | Shri Satyendra Kumar Mishra<br>Chairman & Managing Director,<br>AI Assets Holding Limited(AIAHL) | Chairman | Appointment 01-03-2023 & Cessation 31-12-2023 |
| 2 | Shri Asangba Chuba Ao<br><br>Chairman & Managing Director,<br>AI Assets Holding Limited(AIAHL) | Chairman | Appointment 29-02-2024 |
| 3 | Shri Asangba Chuba Ao<br><br>Joint Secretary, DT Division, Ministry of Civil Aviation | Director | Appointment 18-01-2023 |
| 4 | Shri Pranjol Chandra<br><br>Director, Ministry of Civil Aviation<br> | Director | Appointment 11-02-2022 Cessation 13-12-2024 |
| 5 | Shri Brajesh Kumar Srivastava<br><br>Deputy Secretary, Ministry of Civil Aviation | Director | Appointment 18-01-2023 |

| S. No. | Name | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 6 | Smt Nayonika Dutta<br><br>Joint Director, Ministry of Civil Aviation | Director | Appointment 12-02-2024 |
| 7 | Shri Rohit Raj<br><br>Director, Ministry of Civil Aviation | Director* | Appointment 13-12-2024 |
| 8 | Mr. Vineet Sood | Chief Executive Officer | Appointment 31-07-2021 Cession 21-09-2024 |
| 9 | Mr. Rambabu Ch. | Chief Executive Officer<br>(Addl. Charge) | 21-09-2024 |
| 10 | Mr. Ambar Kumar Mondal | Chief Financial Officer | Appointment 26-07-2019 Cessation 31-7-2024 |
| 11 | Ms. Shilpa Bhatia | Company Secretary | 14-01-2022 |

**Key Managerial Personnel of HCIL**

| S. No. | Name | Designation | Date of Appointment / Cessation |
|---|---|---|---|
| 1 | Shri Deepak Khullar | Chief Executive Officer | Appointment 05.11.2020 |
| 2 | Shri T.C. Dalal | Chief Financial Officer | Cessation 30.06.2023 |
| 3 | Shri K Gopal krishna | Chief Financial Officer | Appointment 28.06.2023 |
| 4 | Smt. Isha Jain | Company Secretary | Cessation 22.08.2022 |
| 5 | Smt. Sonam Gosain | Company Secretary | Appointment 06.12.2022 |

**C.Transaction with Key Managerial Person (KMP)**

There are no transactions with Key Managerial Personnel except for the Salaries or remuneration paid to the KMPs as under during the year FY 2023-24. Details for the same are as under: -

**(₹ in million)**

| S.No. | Name & Designation | Nature of payments | Amount paid during the F.Y. 2023-24 |
|---|---|---|---|
| 1 | Shri Rajiv Kapoor | Salary | 1.91 |
| 2 | Ms. Kavita Tanwar | Salary | 1.22 |
| 3 | Shri Vineet Sood | Salary | 4.06 |
| 4 | Shri Ambar Kumar Mondal | Salary | 1.90 |
| 5 | Ms. Shilpa Bhatia | Salary | 1.00 |
| 6 | Shri Sharad Agarwal | Salary | 5.36 |
| 7 | Shri Rakesh Kumar Jain | Salary | 2.83 |
| 8 | Ms. Sakshi Mehta | Salary | 1.01 |
| 9 | Mr. Deepak Khullar | Salary | 2.40 |
| 10 | Ms. T C Dalal | Salary | 0.23 |
| 11 | Ms. Sonam Gosain | Salary | 1.26 |
| 12 | Shri K Gopal Krishna | Salary | 1.13 |
| 13 | Shri Rambabu Ch. | Salary | 4.87 |
| 14 | Wing Cdr. Sandeep Malhotra (retd.) | Salary | 2.13 |
| 15 | Ms. Shashi Bhadoola | Salary | 1.10 |

**D.** There were no Loans or Credit Transactions with KMPs of the Group or their relatives during the year, except the transactions, if any, made in the normal course of the business.

**E.** In compliance with Ind AS 27 “Separate Financial Statements” the required information are as under:

| S. No. | Transactions | % of ownership interest | |
|---|---|---|---|
| | | As at 31st March, 2024 | As at 31st March, 2023 |
| 1 | AI Airport Services Limited (AIASL) | 100% | 100% |
| 2 | AI Engineering Services Limited (AIESL) | 100% | 100% |
| 3 | Alliance Air Aviation Limited (AAAL) | 100% | 100% |
| 4 | Hotel Corporation of India Limited (HCI) | 80.38% | 80.38% |

**37. Following are the details of foreign currency earned and expended by the group during the financial year**

**( ₹ in Millions )**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Foreign exchange earnings | 3,167.59 | 2,032.92 |
| Foreign exchange expended | 2,437.10 | 38.26 |
| Net foreign exchange earnings | 730.48 | 1,994.66 |

**38. CORPORATE SOCIAL RESPONSIBILITY**

**In the case of Holding Company:**

Section 135 (1) Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.

Further as per section 135(5), the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years.

Since the average net profits of the company during the three immediately preceding financial years is in negative hence in the current financial year allocation/expenditure on CSR activities is not required.

Further, the Company, being an SPV specifically incorporated for the limited purposes of enabling specified transactions for the Disinvestment of Air India and not being a commercial business entity dependent upon the Govt. of India grant funds, has sent a request to the Min. of Corp. Affairs, Govt. of India through Ministry of Civil Aviation, vide AIAHL letter dated 25th March 2021 to consider exemption for the SPV from the applicability of such provisions to the Company including constitution of a Board CSR Committee and request the Govt. of India for considering whether the applicability of these requirements of CSR for commercial operational business entity, can be considered for being exempted for the SPV. The Secretary Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested MCA for re-examine of their decision for the exemption from CSR. The decision is awaited.

In view of the above and pending constitution 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.

In the case of AIESL, the company has contributed to Prime Minister Relief Fund of ₹91.00 million (Previous Year ₹40.94 million)

**(₹ in Millions)**

| **Particulars** | **Year ended March 31, 2024** | **Year ended March 31, 2023** |
|---|---|---|
| Amount required to be spent by the company during the year | 91.00 | 40.94 |
| Amount of expenditure incurred | - | - |
| **Nature of CSR activities** | - | - |
| a) Construction / acquisition of any assets | - | - |
| b) On purpose other than 1 above | 91.00 | 40.94 |
| Shortfall at the end of the year / period | - | - |
| Total of previous years shortfall | - | - |
| Reason for shortfall | - | - |
| Nature of CSR activities : | Contribution to Prime Minister's National Relief Fund | Contribution to Prime Minister's National Relief Fund |

**In the case of AIASL,** CSR committee has been formed by the Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on making positive contribution to the society through high impact, sustainable programmes. The provisions of Section 135 of the Companies Act, 2013 relating to expenditure to be done on CSR activities are not applicable to the Company in the current and previous financial year.

**In the case of AAAL & HCIL,** the provisions of Section 135 of the Companies Act, 2013 relating to expenditure to be done on CSR activities are not applicable to the Company in the current and previous financial year as the average net profits of the companies during the three immediately preceding financial years is in negative.

## 39. INDEPENDENT DIRECTOR AND NOMINATION & REMUNERATION COMMITTEE

**In case of Holding Company:**

**a.** The appointment of the Independent Directors on the Board of AIAHL in terms of the Section 149 of the Companies Act 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 has been requested to Ministry of Civil Aviation (MoCA) vide letter dated 25th July, 2023 and in response to MoCA letter, DoPT issued OM F No. PD-1-9/8/2023-DPE dated 30th November, 2023 and requested MoCA to furnish the proposal of appointment of Independent Directors on the Board of AIAHL along with panel of names and their bio-data so that the same could be placed before serch committee. MoCA vide its email dated 15th February, 2024 forwarded the communication received from DPE for necessary action to AIAHL. Accordingly, the company has obtained

registration at portal of Indian Institute of Corporate Affairs to access the Independent Directors data bank and the names and biodata will be forwarded to MoCA for their review and taking the matter forward.

**b.** The Nomination and Remuneration Committee of the Company was constituted on 15th September, 2021 by the Board as per Section 178 of the Companies Act, 2013 and latest meeting was held on 14th October, 2022.

**In case of AIESL,** As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.

## 40. DISCLOSURES UNDER IND AS 116 "LEASES"

**In case of AAAL:**

**(a)** The Company has taken 18 ATR 72-600, 02 ATR-42 600 & 01 Dornier DO-228 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

**(₹ in Millions)**

| **Particulars** | **As at March 31, 2024** | | **As at March 31, 2023** | |
|---|---|---|---|---|
| | **Non-Current** | **Current** | **Non-Current** | **Current** |
| **Lease Liabilities** | 18,210.44 | 3,494.71 | 21,383.58 | 3,252.68 |

**(b) Other Disclosure:**

**(₹ in Millions)**

| **1.) Maturity Analysis of lease liabilities** | | |
|---|---|---|
| **Particulars** | **2023-24** | **2022-23** |
| Less than one year | 3,548.17 | 3,443.66 |
| One to five years | 14,456.42 | 12,884.26 |
| More than five years | 4,090.50 | 9,058.97 |
| Total undiscounted lease liabilities at 31 March | 22,095.09 | 25,386.88 |
| Lease liabilities included in the statement of financial position on 31 March | 21,705.15 | 24,636.26 |

| **2.) Amount's recognized in the statement of profit and loss** | | |
|---|---|---|
| **Particulars** | **2023-24** | **2022-23** |
| Depreciation expense on Right of use assets (ROU Asset) | 2,657.00 | 2,571.39 |
| Interest on lease liabilities | 351.43 | 221.48 |
| Variable lease payments not included in the measurement of lease liabilities | - | - |
| Income from sub-leasing right-of-use assets | - | - |
| Expenses relating to short-term leases* | - | - |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | - | - |
| *Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient. | | |
| **3.) Amounts recognized in the Statement of Cash Flows** | | |
| **Particulars** | **2023-24** | **2022-23** |
| **Amount Shown as Cash Flow from Financing Activity -** | 3,465.43 | 2,961.35 |
| Total cash outflow for leases | | |

**In case of AIASL:**

Following the recognition exemption available under Ind AS 116, regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

In respect of other 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.

Pending evaluation these the company has not considered as ROU under Ind AS 116 , regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

**In case of HCIL**:

The Company has taken land on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring from thirty to ninety nine years. On renewal, the terms of the leases are renegotiable.

**(₹ in Millions)**

| **a) Total lease liabilities are analysed as under:** | | | |
|---|---|---|---|
| **Particulars** | | **31.3.2024** | **31.3.2023** |
| Current | | 32.02 | 29.75 |
| Non-current | | 387.60 | 360.12 |
| Total | | 419.62 | 389.87 |

**b) Exposure to Future Cash Flows:**

The Company has not made lease payments & Turnover Levy to AAI/DIAL/MIAL even the interest accrued on the principal amount has been considered as contingent (Refer Note no. 23.i, hence undiscounted cash flow of lease liabilities & Turnover Levy cannot be ascertained. There is no as such payment profile and therefore maturity analysis cannot be prepared.

**41. REGIONAL CONNECTIVITY SCHEME IN CASE OF AAAL**

Till 31.3.2024, AAAL has been awarded (through the bidding process) 137 routes (previous year: 127 routes) under RCS till 11 rounds, out of the awarded routes 111 (previous year: 101) are operational. The awarded but non-operational routes till 31.03.2024 are proposed to be launched in the coming months based on the readiness of the airports. The details are as under:

i. 04 routes awarded in the second round of allotment,
ii. 06 routes awarded in the third round of allotment,
iii. 04 routes awarded in round 3.1,
iv. 02 routes awarded in round 4.2 of allotment and
v. 10 routes from various rounds of RCS-UDAN bidding has been cancelled due to non-readiness of Airports by the governing authority of RCS-UDAN.

Management is of the view that delay to make the route operational is not on part of AAAL and is based on various factors beyond the control of AAAL; therefore AAAL has no liability for the above-stated delay in making the route operational.

**42. M/S GATI**

**In case of AAAL,** an agreement for freighter charter operations (undertaken by AAAL) between Air India Ltd and M/s GATI was terminated by GATI in March 2009, consequent to which AI invoked the Bank Guarantee of Rs. 300 million deposited by GATI. The Arbitral Tribunalhas given its award against which an appeal has been filed by Air India Limited before the Hon'ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High court (Double Bench) against the subject order, AIL deposited Rs. 220 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit was made for Rs. 220 million as prudence. Air India & Gati have mutually settled the matter and as per the terms both withdrew their appeals. Accordingly, necessary accounting

entries towards security deposit, deposit with high court and services tax on invoices raised have been taken care of, in current year.

**43. IN CASE OF HCIL:**

**a. Take over of the Centaur Lake view Hotel by the Government of UT of J&K**

J&K Govt. vide its Order dated 03.05.2021 constituted a committee to negotiate with HCI to finalize all matters relating to the disposal of the Hotel. Despite a reminder sent on September 6, 2021 by the then Secretary, MoCA to initiate discussions with the HCI management, J&K Govt. instead sent a Termination Notice dt 27.12.2021 alleging that HCI had sublet the premises & given this violation, the lease stands determined and asked for the Hotel to be handed over to the J&K Govt. within 15 days. HCI submitted a detailed representation dt 24.01.2022 & requested for a meeting to resolve this. J&K Govt. appointed an Estate Officer who issued a notice dated 05.04.2022 under J&K Public Premises Act asking HCI to Show Cause as to why HCI should not be evicted. This was responded within the deadline. A Caveat was also filed by them on 09.04.2022. Estate Officer then sent an Eviction Notice on 25.04.2022 giving HCI 45 days to vacate. HCI filed an Appeal with the DM on 04.05.2022. Post receiving an approval from MoCA on 06.05.2022, HCI filed a Writ against the Termination Notice in the J&K HC which was dismissed dt. 02.06.2022. HCI filed a SLP in SC & despite the orders of the SC on 08.06.2022, J&K Govt sent forces on 14.06.2022 to seal the property & forcefully took possession of the hotel. The matter was again contested in J&K HC. HCI, J&K Govt., Workers Union & BD&P Hotels have completed the Arguments & the judgement is reserved.Subsequently the dispute was settled by the resolution of AMRD, as per the AMRD resolution communicated by MoCA vide letter refer F.AV17046/43/2021/AI dated 17.07.2023 .The Centaur Lake View Hotel, Srinagar , handed over to UT of J&K stand transferred to the UT of J&K, The UT of J&K has already taken over 145 employees of HCIL working at Centaur Lake View Hotel, Srinagar,UT of J&K has agreed the following claims which may be paid to HCIL within one month:

(i) Valuation of CLVH Srinagar at Net Block as on 31.03.2022 Rs 6.07 Crore
(ii) Employees liability for Govt.of J&K w.e.f.01.03.2023 onwards Rs 17.58 Crore
(iii) Salary of workers (Rs. 2.79 Crore) and officers(Rs. 0.29Crore) for the months of March, April, May and June 2023.

UT of J&K need to further examine the following claims and on such examination the claims will be settled within a period of forty five days:

(i) Revision of rates for CRPF/BSF Rs.19.69 Crore.
UT of J&K needs further justification/details/documentation for examining following claims.on such provision of justification/detailing/documentation& upon examination by UT of J&K the claims will be settled within a period of 45 days:

**(i)** Cost sharing expenses as per books as on 31.03.2022.
Accordingly the consideration towards the Net block of the CLVH unit as on 31.03.2022 of Rs 61.00 Million has been shown as amount receivable from the Government of UT of J&K.The company is following up with the J&K Governmant for realisation of the above mentioned dues.

**b. Renovation of Hotels**

The Company received a sum of Rs 50.00 million during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. The same is not actively pursued in view of the situation in the Valley and handing over of the Srinagar hotel property to the J&K Government.

**c.** Luxury Tax liability of Centaur Delhi as on 31st March 2024 is NIL (previous year NIL). The Company is in the process of defreezing the bank accounts frozen by the Luxury Tax authorities in 2012-13,hence confirmations of bank accounts amounting to Rs 0.61 million is on the date of freezing.

**d.** As per the Agreement between Airports Authority of India (AAI) and the Company the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2032 . However AAI had served notice dated 8 November 2016 for early termination of lease of land as the land is required by them for airport expansion. With the intervention of Ministry of Civil Aviation, an extension up to 31 December 2019 for vacating the said leasehold land has been granted. Thus the Company was required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31 December 2019. In this regard, negotiations for compensation to be claimed from AAI were carried out in consultation with the Ministry.

Accordingly, a meeting was convened on 04.11.2019 by Secretary Civil Aviation to discuss the matter regarding compensation on termination of Lease agreement to HCI. In the said meeting AAI clarified that as per the proposed Master Plan 2016 for Indira Gandhi International Airport, Delhi the project at the HCI hotel site is to be developed under the Master Plan phase commencing from 2026 and it was also confirmed that the HCI property is not infringing the proposed runway but the land would be required for parking of aircraft.

Secretary, Civil Aviation stated that AAI needed to take an economic call on the issue taking into consideration the economics of allowing HCI to continue operations for the balance lease period. In view of the above, it was decided in the meeting that in case AAI decides that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilisation including O&M contract for the remaining period of the lease. The said decision was communicated to HCI vide Ministry's letter 20.12.2019 allowing HCI to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2032 and to vacate the land positively upon the expiry of lease period. It was also conveyed that since HCI has defaulted in payment of AAI dues from 2002 onwards as per the terms of agreement, an Arbitrator may be appointed as per the provisions of existing agreement to sort out the dispute, which is pending. In the meanwhile, DIAL filed a Writ in the Delhi High Court challenging the Ministry's letter dated 20.12.2019. A single judge bench vide order dated 20.10.2022 under WP (C) 134/2021 quashed the MoCA letter dated 20.12.2019 and gave the judgement in favour of DIAL. HCI has appealed against the order of the single judge bench to the Divisional Bench at the Delhi High Court vide LPV No 619/2022, the matted is under final hearings and the next hearing is scheduled on 20.01.2025

**e.** In order to improve its cash flow the Company desired to monetize , the 4 flats at Sher-e-Punjab Society and 2 Flats at Everest Appartments Andheri Mumbai. The Company appointed M/s Cushman & Wakefield for valuation , as per their valuation report dated 27.10.2022, the value of the 4 Flats at Sher-e-Punjab (Acquired in 1982 at total cost of Rs 8.73 Lakhs ) and 2 Flats at Everest Appartments ( Acquired in 1986 at a total cost of Rs.12.00 lakhs) is Rs 39 million and Rs 30 million respectively.

**f.** The matters relating to cost of construction of Centaur Lake View Hotel Srinagar and the cost sharing arrangement between the hotel and Sher e Kashmir Convention Centre (SKICC) between the Company and Government of Jammu & Kashmir (J&K) had been agreed by both the parties in a joint meeting held on 15 October 2004 and all the matters of divergent views were settled. Consequent upon the agreement, the following amounts were receivable / payable:

i. Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs .135.42 million - (previous year Rs 127.04 million )

ii. Amount receivable from J & K government on account of joint construction of the hotel and SKICC in 1982- Rs 29.78 million and interest subsidy Rs 12.00 million, totalling to Rs 41.78 million

iii. Amount payable to J & K government on account of joint construction of the hotel and SKICC in 1982 is Rs. 39.68 million.
These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached. However, as a matter of abundant caution, the Company has not made any Provision for Doubtful Advances on the above matter during the current financial year

**44. GOING CONCERN**
**In case of AAAL:**

The company is a wholly owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational. The company has taken various measures to improve its operational efficiencies and cost control measures.

The total fleet of Company stands at 21 aircraft as on 31st March'2024. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India.

Alliance Air has also entered the agreement with different State Governments to operate the aircraft to connect the states with major cities under VGF scheme namely Uttrakhand, Odisha, Lakshadweep, Daman & Diu, Himachal & Chhattisgarh.

The company has emerged as one of the major player in the Government of India's premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 165. Out of allotted routes, the company operated 115 routes as on 31st March 2024 (previous year 101 routes).

Further, Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April'2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air received in principal approval from Ministry of Finance dated 20th April'2023 towards financial support of Rs. 600 crore. As per approval, both the tranches of Rs. 600 crore have been released to Alliance Air, Rs. 300 crores on 26th June 2023 and Rs. 300 crores on 16th February 2024 as equity infusion from AIAHL.

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2024-25 and thereafter further consolidating the gains. Since the company expects improvement in Operational and Financial Performances and the company has support from the government of India to make the

company fully operational, hence the financial statements of the company have been prepared on the “Going Concern” basis despite having accumulated losses and net-worth being eroded.”

**In case of HCIL:**

i. The Company faces significant uncertainties which has impacted the operations of the Company adversely. Management believes that as per estimates made conservatively, the Company will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on March 31, 2024.

ii. Inspite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support Government of India will ensure the company runs its business as going concern. The Company has received funding support of Rs 57.14 Crores from the GOI, by way of equity infusion through AIAHL on 20.10.2024. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.03.2025 and Catering Agreement with M/s Spicejet Limited valid up to 01.05.2025, which ensures that company will be able to run its business as going concern in near future. Accordingly the Company has prepared its accounts on a "going concern" basis .Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues

iii. 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 phasewise for operationally essential matters, The company has obtained the ISO Certification and is in process to upgrade the present facilities.

iv. Refurbishment of additional 30 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level is also under process.

**45. DISCLOSURE AS PER IND AS 115 "REVENUE FROM CONTRACTS WITH CUSTOMERS"**

**(a) Disclosure of Customer with more than 10% of Revenue:**

**In the case of AIESL**

**(₹ in million)**

| Particulars | For the year ended April 01, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Air India Ltd. | 13,214.76 | 14,070.49 |
| IAF | 4,377.46 | 2,878.71 |

In the case of AAAL, no single customer represents 10% or more of the Company’s total revenue during the year ended March 31, 2024 and 2023.

**(b) Performance Obligations and remaining Performance Obligations**

**In the case of Holding Company**, the aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2024, is ₹Nil (₹ Nil as on 31st March, 2023).

**In the case of AIESL**, the aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2024, is ₹Nil (₹ Nil as on March 31, 2023).

**In the case of AAAL**, disclosure requirement as per para 120 of Ind As 115 in respect of remaining performance obligation is not being made in view of practical expedient as per para 121 of Ind As 115.

**46. In Case of AIESL,** the company is in the process of transfer of hangars and associate buildings owned by the holding company constructed on the land leased by Airport Authority of India or other airport operators at various locations in India. This process will complete in due course.

**47. ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III**

**(i) Details of benami property held**
There is no benami property held by the Group as per section 2(8) of the Benami Transactions (Prohibition) Amendment Act, 2016.

**(ii)** Wilful defaulter

**(iii)** The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

**(iv)** Compliance with approved scheme(s) of arrangements
The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(v)** Utilisation of borrowed funds and share premium
All borrowings of the Group have been used for the intended purpose, hence, not applicable.

**(vi)** Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(vii)** Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(viii)** Title deeds of immovable properties not held in name of the company

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value FY 2023-24 (₹ in millions) | Title deeds held in the name of # | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/ director | Property held since which date |
|---|---|---|---|---|---|
| **Asset held for sale (Holding Company)** | Freehold Land & Building | 3,323.62 | Air India Limited/AIAHL | No | 31-Mar-22* |
| | Leasehold/others | 68,617.38 | Air India Limited | No | 31-Mar-22 |

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value FY 2023-24 (₹ in millions) | Title deeds held in the name of # | Whether title deed holder is a promoter, director or relative of promoter / director or employee of promoter/ director | Property held since which date |
|---|---|---|---|---|---|
| | Other Structures | 3,324.23 | Air India Limited | No | 31-Mar-22 |
| **PPE (AIESL)** | Building | 2,644.05 | Air India Limited | No | 08-Apr-21 |
| | Jet 9D Test House | 10.42 | Air India Limited | No | 01-Apr-19 |
| **Total** | | **77,919.70** | | | |

# Refer Note No. 9, 9.1 and 9.2 for more details and the reason for title deed not being held in the name of the Company.

* Except title transferred (on 08-12-2022) to AIAHL of the property- Airlines House, Kolkata.

(ix) Capital Work-in-progress (CWIP)

**In the case of AIESL**, CWIP ageing schedule are as under:-

| CWIP | ₹ in Millions in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | 1137.68 | 1137.68 |

**(x) Registration of charges or satisfaction with Registrar of Companies (ROC)**

**In the case of Holding Company**, All borrowings of the Company are fully assured by GoI for interest and principal repayments and no charge has been created with ROC. However, the Company has given SBLC/Bank Guarantee for one of its subsidiaries i.e. Alliance Air Aviation Limited's lessors namely Elix Aviation Capital, DAE Leasing, and AVAP for which the bank has kept margin deposit in the form of Fixed Deposit amounting to ₹ 2284.20 million (Previous Year ₹ 2282.00 million)

**In the case of AAAL,** The company has registered charges of Rs. 3460.45 million (Previous Year Rs. 3,205.03million) with the Registrar of Companies U/s 77 of Companies act 2013. The company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

**(xi) Relationship with Struck off Companies:**

The Group has no outstanding balances as on 31.03.2024 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

**(xii) Ratios**

**Current ratio**

**(₹ in millions)**

| **Particular** | **As at** | **As at** |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Total current assets | 14,475.54 | 14,051.02 |
| Total current liabilities | 6,788.33 | 5,810.37 |
| Ratio | 2.13 | 2.42 |
| **% change** | -11.82% | 632.81% |
| **Reason** | Due to increase in current assets (cash & cash equivalents and rent receivable) as compared to previous year. | |

**Debt equity ratio**

| **Particular** | **As at** | **As at** |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Total debt | 1,49,850.00 | 1,49,850.00 |
| Shareholder's equity | (49,286.48) | (56,176.61) |
| Ratio | (3.04) | (2.67) |
| **% change** | **13.98%** | **43.41%** |
| **Reason** | Due to negative net-worth of the company in the previous year and further issuance of Equity shares & profit in the current year compared to loss in the previous year. | |

**Debt service coverage ratio**

| **Particular** | **As at** | **As at** |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Earnings available for debt service (EBIDTA) | 6,974.02 | 4,010.30 |
| Total debt | 1,49,850.00 | 1,49,850.00 |

| | | |
|---|---|---|
| Ratio | 0.05 | 0.03 |
| **% change** | **73.90%** | **-70.30%** |
| **Reason** | Due to increase in Grant in aid received from GOI. | |

**Return on equity**

| **Particular** | **As at** | **As at** |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Net profits after tax | (356.08) | (10,564.00) |
| Average Shareholders' equity | (52,731.54) | (30,993.40) |
| Ratio | 0.01 | 0.34 |
| **% change** | **-98.02%** | **79.39%** |
| **Reason** | Due to profit during the year | |

**Inventory turnover ratio**

| **Particular** | **As at** | **As at** |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Cost of goods sold | - | - |
| Average inventory | - | - |
| Ratio | - | - |
| **% change** | **-** | **-** |
| **Reason** | **Nil** | |

**Trade receivable turnover ratio**

| **Particular** | **As at** | **As at** |
|---|---|---|
| | **March 31, 2024** | **March 31, 2023** |
| Revenue from operations | - | - |
| Closing trade receivables | - | - |
| Ratio | - | - |
| **% change** | **-** | **-** |
| **Reason** | **Nil** | |

**Trade payable turnover ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Other expenses | 2,097.89 | 3,180.51 |
| Closing trade payables | 5.78 | 3.74 |
| Ratio | 362.96 | 850.40 |
| % change | -57.32% | 324% |
| **Reason** | Due to decrease in other expenses as compared to previous year. | |

**Net capital turnover ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Rental Revenue from properties | 1,193.82 | 1,023.71 |
| Working capital | 7,687.21 | 8,240.65 |
| Ratio | 0.16 | 0.12 |
| **% change** | **25.01%** | **NA** |
| **Reason** | Due to increase in Rental revenue and decrease in working capital as compared to previous year. | |

**Net profit ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Net Profit for the year | (356.08) | (10,564.00) |
| Rental Revenue from properties | 1,193.82 | 1,023.71 |
| Ratio | (0.30) | (10.32) |
| **% change** | **-97.11%** | **NA** |
| **Reason** | Due to increase in rental revenue and profit during the year | |

**Return on capital employed**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Profit before exceptional item & tax plus finance cost | 6,974.00 | 4,010.29 |
| Capital employed | 1,00,563.52 | 93,673.39 |
| Ratio | 0.07 | 0.04 |
| **% change** | **61.99%** | **-77%** |
| **Reason** | Mainly due to increase in grant received from GOI and capital employed. | |

**Return on investment**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Income from investment | Nil | Nil |
| Closing balance of investment | Nil | Nil |
| Ratio | Nil | Nil |
| **% change** | **Nil** | **Nil** |
| **Reason** | No investment made | |
| 1. Total debt = Non-current borrowings + Current borrowings | | |
| 2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs | | |
| 4. Working capital = Total current assets - Total current liabilities | | |
| 5. Capital employed = Total equity + Borrowings | | |
| 6. Total equity = Total equity excluding non-controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net) | | |

## 48. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT IN THE CASE OF HOLDING COMPANY

**Accounting Policy**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## A. Financial Assets

### (i) Classification

The Holding Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through Statement of Profit and Loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

### (ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

### (iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

(a) Financial assets carried at amortized cost: A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income**:** A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

**(c ) Financial assets at fair value through Statement of Profit and Loss:** A financial asset comprising derivatives which is not classified in any of the above categories is subsequently fair valued through profit or loss.

### (iv) De-recognition

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset

### (v) Impairment of other financial assets

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables etc.

**(vi) Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Holding Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**B. Financial Liabilities**

**(i) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**(ii) Classification**

The Holding Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

**(iii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below.

a) Financial liabilities at amortized cost:

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

b) Financial liabilities at fair value through Statement of Profit and Loss:

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless

they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**(iv) De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**(v) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously.

## 48.i. Capital Management

The Holding Company's objective when managing capital is to:

i. Safeguard its ability to continue as going concern so that the Company is able to provide return to stakeholders and benefits for other stakeholders; and

ii. Maintain an optimal capital structure of debt and equity balance.

iii. The capital structure of the Company consists of total equity of the Company.

iv. The Holding Company's Audit Committee and BoD review the capital structure of the Company from time to time. The committee considers the cost of capital and the risks associated with each class of capital as and when required.

v. During the financial year ended 31 March 2024, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

| Financial assets and liabilities as at March 31, 2024 | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets | 114.00 | 1,793.22 | 1,907.22 | - | - | - | - | - | - | - | - | 1,907.22 | 1,907.22 |
| Cash and cash equivalents | - | 9,295.60 | 9,295.60 | - | - | - | - | - | - | - | - | 9,295.60 | 9,295.60 |
| . | 2,284.20 | 2.20 | 2,286.40 | - | - | - | - | - | - | - | - | 2,286.40 | 2,286.40 |
| AI Reconciliation Account/ Recoverable from AIL | - | 2,689.08 | 2,689.08 | - | - | - | - | - | - | - | - | 2,689.08 | 2,689.08 |
| **Total financial assets** | **2,398.20** | **13,780.10** | **16,178.30** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **16,178.30** | **16,178.30** |
| **Financial liabilities** | | | | | | | | | | | | | |
| Borrowings # | 1,49,850.00 | - | 1,49,850.00 | - | - | - | - | - | - | - | - | 1,49,850.00 | 1,49,850.00 |
| Lease liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade payables | - | 5.78 | 5.78 | - | - | - | - | - | - | - | - | 5.78 | 5.78 |
| Other financial liabilities | - | 5,113.14 | 5,113.14 | - | - | - | - | - | - | - | - | 5,113.14 | 5,113.14 |
| **Total financial liabilities** | **1,49,850.00** | **5,118.92** | **1,54,968.92** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,54,968.92** | **1,54,968.92** |

**(₹ in Million)**

| Financial assets and liabilities as at March 31, 2023 | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | |
| Trade receivables | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other financial assets | 114.00 | 1,099.36 | 1,213.36 | - | - | - | - | - | - | - | - | 1,213.36 | 1,213.36 |
| Cash and cash equivalents | - | 7,734.79 | 7,734.79 | - | - | - | - | - | - | - | - | 7,734.79 | 7,734.79 |
| Bank balances other than cash and cash | 2,282.00 | 2,100.00 | 4,382.00 | - | - | - | - | - | - | - | - | 4,382.00 | 4,382.00 |
| AI Reconciliation Account/ Recoverable from AIL | - | 2,720.85 | 2,720.85 | - | - | - | - | - | - | - | - | 2,720.85 | 2,720.85 |
| **Total financial assets** | **2,396.00** | **13,655.00** | **16,051.00** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **16,051.00** | **16,051.00** |
| **Financial liabilities** | | | | | | | | | | | | | |
| Borrowings | 1,49,850.00 | - | 1,49,850.00 | - | - | - | - | - | - | - | - | 1,49,850.00 | 1,49,850.00 |
| Lease liabilities | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Trade payables | - | 3.74 | 3.74 | - | - | - | - | - | - | - | - | 3.74 | 3.74 |
| Other financial liabilities | - | 5,096.93 | 5,096.93 | - | - | - | - | - | - | - | - | 5,096.93 | 5,096.93 |
| **Total financial liabilities** | **1,49,850.00** | **5,100.67** | **1,54,950.67** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **1,54,950.67** | **1,54,950.67** |

# The Holding Company's borrowings have been contracted at fixed rates of interest.

* The carrying amount of trade receivables, trade payables, cash and cash equivalents, bank balances other than cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature. The other non-current financial assets represent the carrying value which approximates the fair values as on the reporting date.

Valuation technique was used to determine fair value using discounted cash flow method.

### Fair value hierarchy

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

**Level 1:** Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

**Level 2:** Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

## 49. FINANCIAL RISK MANAGEMENT

The Holding company has exposure to following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk
iii. Market risk – a. Foreign currency and b. Interest rate

The Holding Company's principal financial liabilities comprise of loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents.

The Holding Company is being a SPV formed for the limited purposes of disinvestment and supported through budgetary support from the GOI budget for Company's borrowings bearing fixed interest rates is not exposed to credit risk, liquidity risk and market risk.

The Holding Company's management oversees the management of these risks. The Board of Directors has reviewed the policies for managing each of these risks, which are summarized as under:

**(i) Credit risk management**

Credit risk is the risk of financial loss to the Holding Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Being 100% Government owned Company and the 2 Series of NCDs Borrowings for repayments and interest servicing are guaranteed by the government of India in terms of the Letter of Authorization and Letter of Assurance issued by the GOI. There is thus no credit risk for the Company.

**(ii) Liquidity risk management**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Holding Company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, by seeking allocation for budgetary support from GOI.

The Holding Company believes that its liquidity position, including total cash (including bank deposits-FDRs in Escrow bank account and excluding interest accrued but not due) of ₹ 9,297.80 million as at 31st March 2024 (Previous Year ₹ 9,834.79 million) anticipated future internally generated funds from government and interest, and its full availability, will enable it to meet its future known obligation in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing options to maximize liquidity and supplement cash requirement as necessary.

The Holding Company's liquidity management process as monitored by management includes the following:

-Day to day funding, managed by monitoring future cash flows to ensure that requirements can be met.

-Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows from budgetary support from GOI.

**Exposure to liquidity risk**

**As at March 31, 2024**

**(₹ in Million)**

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | More than 5 years | Total |
| **Current** | | | | | |
| Trade Payables | 5.78 | 4.35 | 1.43 | - | 5.78 |
| Interest Accrued but not due on Borrowings/NCDs | 5,014.64 | 5,014.64 | - | - | 5014.64 |
| Other Financial Liabilities | 98.50 | 98.50 | - | - | 98.50 |
| **Total** | **5,118.92** | **5,117.49** | **1.43** | **-** | **5,118.92** |

**As at March 31, 2023**

**(₹ in Million)**

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | Morethan5 years | Total |
| **Current** | | | | | |
| Trade Payables | 3.76 | 3.76 | - | - | 3.76 |
| Interest Accrued but not due on Borrowings/NCDs | 4998.04 | 4998.04 | - | - | 4998.04 |
| Other Financial Liabilities | 98.89 | 98.89 | - | - | 98.89 |
| **Total** | **5,100.69** | **5,100.69** | **-** | **-** | **5,100.69** |

**(iii) Market risk**

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**(a) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Holding Company's exposure to the risk of changes in market interest rates is nil because all the Holding Company's borrowings are rupee denominated bearing fixed interest rates. Interest rate sensitivity analysis

No possibility of a change of interest rates at the reporting date or in future as the rates are fixed for the entire tenure of the NCDs.

**(b) Currency risk**

Currency risk is the risk that the future cash flows of a financial instrument/commodity will fluctuate because of changes in foreign exchange.

Exposure to Foreign Currency Risk

The Holding Company is not exposed to the effects of fluctuation in the prevailing foreign currency on its financial position and cash flows as its transactions are in Indian rupee only.

Foreign Currency Sensitivity Analysis

In view of there being no foreign exchange transactions during the year with the Holding Company's transactions limited to Indian Rupees, there is no foreign current exposure or risk, hence, no such sensitivity analysis done.

**50.** Previous Year figures have been re-grouped/re-arranged wherever considered necessary to be compatible with the Schedule III of the Companies Act 2013 and as per requirement specified in Ind-AS, to the extent of information being available and required for compilation.

**51.** The Group has consistently applied its accounting policies in the preparation of financial statements. Except otherwise stated elsewhere, there has been no change in the accounting policies being followed. Previous year's figures have been reclassified/regrouped, wherever considered necessary.

**For Kumar Mittal & Co.**
Chartered Accountants
Firm Registration No. 010500N

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
Chairman and Managing Director
DIN 11001643

**Sd/-**
**Padam Lal Negi**
Director
DIN 10041387

**Sd/-**
**Rohtash Mohan**
**Partner**
M.No. 094292

**Sd/-**
**Rajiv Kapoor**
Chief Financial Officer

**Sd/-**
**Kavita Tanwar**
Company Secretary

Place: Delhi
Date: 27 June 2025

**PART (A) Statement of Salient Features of the Financial Statement of Subsidiaries (Form AOC -I) FY 2023-24**

**(Rs in million)**

| Sr. No | Name of Indian Subsidiary Companies | AIESL | HCI | AAAL | AIASL |
|---|---|---|---|---|---|
| 1 | Reporting Currency | INR | INR | INR | INR |
| 2 | Exchange Rate | | | | |
| 3 | Average Rate 2023-24 | | | | |
| 4 | Reporting Period similar for all Subsidiaries and Holding company | 1.4.2023 to 31.3.2024 | | | |
| 5 | Share Capital | 1666.67 | 1376.00 | 10022.50 | 1384.24 |
| 6 | Reserve & Surplus | (7,060.37) | (8,839.08) | (46,861.31) | 3217.40 |
| 7 | Liabilities | 32153.16 | 8264.73 | 66184.44 | 6794.43 |
| 8 | Total liabilities | 26759.46 | 801.65 | 29345.63 | 11396.07 |
| 9 | Total Assets | 26759.46 | 801.65 | 29345.63 | 11396.07 |
| 10 | Investments | - | - | - | - |
| 11 | Turnover | 21803.53 | 632.17 | 9625.53 | 8759.78 |
| 12 | Profit before Exceptional items & taxation | 6279.03 | (614.27) | (6,210.20) | 771.05 |
| 13 | Exceptional items | (2,595.03) | - | - | - |
| 14 | Provision for taxation | 1134.13 | - | - | 366.79 |
| 15 | Other Comprehensive Income | (192.59) | (24.58) | 14.63 | 126.55 |
| 16 | Profit after taxation | 2357.28 | (638.85) | (6,195.57) | 530.81 |
| 17 | Proposed Dividend | - | - | - | - |
| 18 | Percentage of shareholding | 100% | 80.38% | 100% | 100% |

**PART (B) Statement of Salient features of the Financial Statement of Associates and Joint Ventures: Not Applicable**

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
Chairman and Managing Director
DIN 11001643

**Sd/-**
**(Padam Lal Negi)**
Director
DIN 10041387

Place: New Delhi
Date: 27 June 2025

**(Rajiv Kapoor)**
Chief Financial Officer

**(Kavita Tanwar)**
Company Secretary
M.No ACS29486

**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, 2024**

**(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 | 9,089.21 | |
| | 2 | Total Expenditure | 13,205.73 | |
| | 3 | Net Profit/(Loss)(Including Net Profit from entities included in disposal group- “help for sale”) | 900.80 | |
| | 4 | Earnings Per Share | 0.01 | |
| | 5 | Total Assets | 1,61,001.07 | |
| | 6 | Total Liabilities | 1,61,001.07 | |
| | 7 | Net Worth | (49,286.48) | |
| | 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 27th Jun 2025**
**b. Type of Audit Qualification : Qualified Opinion**
**c. Frequency of qualification: repetitive**
**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 & controls- impact unascertainable

(iii) **Auditors' Comments on (i) or (ii) above:** Unascertainable

**III.** **Signatories:**

-Chairman & Managing Director: **Sd/-**

CFO: **Sd/-**

Audit Committee Chairman **Sd/-**

Statutory Auditor **Sd/-**

**Date: 27th Jun 2025**
**Place: New Delhi**

# AI AIRPORT SERVICES LIMITED

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS (AS ON 26TH MARCH 2025)

Shri Amit Kumar — Chairman*
Shri Padam Lal Negi
Shri Shobhit Gupta
Shri Manoj Kumar
Smt Nayonika Dutta

(* Shri Asangba Chuba Ao, Chairman From 01.01.2024 to 11.03.2025.
Shri Amit Kumar, Chairman From 13.03.2025)

**Chief Executive Officer**
Shri Rambabu Ch.

**Chief Financial Officer**
Shri Sandeep Malhotra

**Company Secretary**
Smt. Shashi Bhadoola

**Auditors**
M/s Bansal & Co LLP.,
Chartered Accountants, Delhi

**Bankers**
HDFC Bank Limited, Axis Bank and SBI Bank

**Registered Office**
2nd Floor, GSD Building,
Air India Complex, Terminal-2, IGI Airport, New Delhi- 110037

**Registrar And Transfer Agent**
M/s Link Intime India Pvt Ltd
C 101, 247 Park, L B S Marg,
Vikhroli West, Mumbai 400083.

# CHAIRMAN'S SPEECH



Dear Shareholders

It gives me immense pleasure to present the 21st Annual Report of the Company for the Financial Year 2023-24. AI Airport Services Limited ("The Company") (AIASL) is a leading ground-handling service provider and is operational on PAN India.

AIASL was operationalized in February 2013 and commenced its autonomous operations from FY 2014-15. AIASL, since its stand-alone operationalization has been a profitable company except for FY 2020-21. During the FY 2020-21, the operations of the Company were majorly affected due to the advent of the COVID-19 pandemic. However, the company was turned around to make profits from the next FY 2021-22 onwards, and continued its profitability, in the FY 2023-24 too, the Company earned a profit of Rs.771.05 Million.

AIASL has the largest and widest ground handling presence for providing ground handling and related services at about 150 airports in India. AIASL-served Airports include the highest altitude and snow-clad airports at Leh & Thoise, the desert airfield at Jaisalmer, Island airports in Agatti & Port Blair, and table-top airports at Kozhikode & Kannur, demonstrating AIASL's capability to operate in varied and demanding environments across the country. This broad network showcases AIASL's capability to deliver reliable ground handling and related services across India's most varied and demanding terrains, ensuring seamless connectivity even in the most remote locations.

AIASL boasts of with the largest inventory of Ground Support Equipment (GSE), complemented by a highly skilled workforce with extensive expertise in ground handling services. Our capabilities extend to handling all types of corporate jets, as well as passenger and freighter aircraft, including the A380, A350, and B777 Max, ensuring seamless operations across all aircraft categories.

## OVERVIEW- CIVIL AVIATION INDUSTRY

India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air passenger market. India is expected to overtake China and the United States as the world's third-largest air passenger market in the next ten years. Indian aviation also contributed significantly to the GDP, creating millions of jobs. The Aviation industry's fastest growth is being propelled by the development of airports across multiple city tiers; a liberalized FDI policy; increasing adoption of information technology and a strong focus on regional connectivity.

India's civil aviation industry has soared to new heights, cementing its position as one of the world's most lucrative markets. In FY24, domestic passenger traffic reached 306.79 million, marking a 13.5% YoY growth, while international traffic surged to 69.64 million, reflecting a robust 22.3% YoY increase. This impressive growth underscores the sector's resilience and its pivotal role in shaping India's global connectivity. As the industry continues to evolve, its potential for further expansion remains boundless.

The UDAN (Ude Desh Ka Aam Nagrik) scheme, launched by the Government of India, Ministry of Civil Aviation's in June 2016, has significantly contributed to making air travel more accessible to the common man. It has expanded regional connectivity across India, with 86 airports and 617 RCS routes operated by 13 operators, flying about 4.5 lakh flights annually. This initiative, set to continue until 2026, has fostered growth in the aviation sector, empowering both passengers and airlines while promoting economic development in underserved regions.

The Government's ambitious target to operationalize 1,000 UDAN routes and revive or develop 100 unserved and underserved airports, heliports, and water aerodromes by 2024 marks a significant leap in regional connectivity. Under the RCS-UDAN scheme, two water aerodromes have already commenced operations, showcasing a commitment to linking remote and inaccessible areas with the mainstream aviation network. This initiative not only boosts economic growth in hinterlands but also underscores India's drive toward inclusive infrastructure development.

## OVERVIEW- GROUND HANDLING

The ground handling services market in India is expected to grow at a positive double digit CAGR (Compound annual growth rate) during FY'2019 - FY'2026. Increase in the level of implementation of favorable government schemes in the ground handling and aviation sector will be the major contributor to this growth. Future catalysts will be the entry of new domestic and foreign players in the airport ground handling services market with airlines increasing their fleet sizes and completion of construction of new airports.

The India ground handling services market is consolidating with a large number of GHA's being appointed at most of the Airports by the Airport Operators, and competing in the market. AI Airport Services Limited is the leading player in terms of spread, handling, and revenue in the India ground handling services market. Air India SATS Airport Services, Bird Worldwide Flight Services, Celebi NAS Airport Services Private Limited, Globe Ground India Private Limited and Indo-Thai Airport Management Services are the other leading GHA's.

The future of ground handling services in India is set for significant growth, driven by the surge in air passenger and freight traffic. The expansion of airline fleets, coupled with the rise of new carriers like Akasa Air and major players like Air India and Indigo, is fueling the demand for enhanced ground services. Additionally, the modernization and expansion of airport terminals will further bolster the sector's growth. With over 1,250 aircraft orders placed by Indian carriers, the ground-handling services market is poised for a robust transformation. This upward trajectory promises a more dynamic and efficient aviation ecosystem in India.

## STRONG POSITION IN THE WORLD'S FASTEST-GROWING AVIATION INDUSTRY

The Indian aviation market is on its sustained recovery path and high growth trajectory after Covid, which has a direct bearing on the business volumes for AIASL, - with the following milestone achievements:

- Domestic Air passenger traffic grew by 13% in FY 2023-24.
- The domestic air passenger traffic in India during the 2023-24 financial year is estimated to stand at 154 million (according to credit rating agency ICRA). This figure surpasses the pre-Covid figure of 142 million domestic air passengers recorded in the 2019-20 financial year. The domestic air passenger traffic witnessed a 13% increase from last year.
- Air carriers flew about 15.40 crore passengers on local routes in FY 2023-24.
- India's aviation ascends to new heights as Air India and Vistara merge under the TATA banner from 12 November 2024, heralding a new era of luxury and connectivity as the nation's sole full-service carrier.
- The Tata Group's Air India Express has officially merged with AIX Connect, unifying its budget airline operations under Air India Express from October 1, 2024, in a strategic bid to drive sustainable profitability and streamline services.
- The surge in international air travel has outpaced domestic aviation growth in 2023-24, with 69.7 million passengers taking to the skies globally—a remarkable 22.5% year-on-year increase.
- In India, there were over 400 airports and airstrips, while about 150 were operational. Passenger traffic amounted to over 376 million at airports across India in financial year 2024-25, out of which close to 69.7 million were international passengers.
- India, already the third-largest domestic civil aviation market globally after the USA and China, is soaring to new heights. It is poised to become the third-largest air passenger market, encompassing both domestic and international travel, while retaining its status as the world's second-fastest-growing aviation hub. This meteoric rise underscores India's pivotal role in shaping global aviation dynamics.
- There are about 838 aircraft capacity in India and it is expected to add about 1000 aircraft over the next few years with firm aircraft orders by almost all the leading domestic schedule operators, as some of them will replace the existing aircraft that are either phased out or leases terminated. As per the forecast, India will need about 2,840 new commercial aircraft by 2044.
- In addition, there are about 1175 aircraft being operated by NSOPs, Government, Private owned and Training Institutes, etc., in India.
- About 15 Passenger Airlines and 4 Cargo Airlines in India operate about 838 aircraft consisting of 60+ wide-body aircraft, 80+ Turbo Props aircraft, and the balance aircraft are Narrow-body aircraft.
- There are about 116 NSOPs including 71 Domestic NSOP operators, operating 388 aircraft in India. Top 15 NSOP operators accounted for more than 61% of the total domestic NSOP flights operated in the year 2023-24
- There are about 25+ Ground handlers in India operating at various Airports.

- On the side of General Aviation operators, 150+ Business Jets, 30+ Turbo Props, and 320+ Helicopters, who engage in operating Private Charters and Business Charters flights in India to various Airports, which is a potential business for AIASL.
- Air India is acquiring about 570 aircraft i.e. narrow-body aircraft and wide-body aircraft.
- Indigo is acquiring about 530 aircraft i.e. narrow-body aircraft and wide-body aircraft.
- Akasa Air is acquiring about 150 aircraft i.e narrow-body aircraft.
- India further plans to increase the number of operational airports to 220 by 2025 and 350 by 2047.
- The Ministry of Civil Aviation (MoCA) stated that growth in aviation is likely to increase direct employment across Airports, Airlines, FTOs, MROs, and Ghs.

The growth of the aviation sector in India directly benefits ground handling companies, with increased flight volumes leading to optimized resource utilization and a larger revenue pool. As air traffic expands, Ground Handling companies are poised to capitalize on greater operational demands and enhanced business opportunities.

With the launch of the UDAN 5.2, with newly identified routes, more than about 600 RCS Routes are operationalized as on date. AIASL by virtue of its pan-India presence is well placed to further consolidate its market leadership position. However, sustenance and continuation of such Regional Connectivity Services Flights, is a challenge for the Airlines, and thereby to AIASL and the other GHA's operating at these UDAN Airports.

**GROUND HANDLING REGULATION, 2018:**

Airports Authority of India issued (Ground Handling Services) Regulation, 2018, which came into effect on 30th October 2018 and it regulated the size and structure of India's ground handling sector or third-party Ground Handling and Self Handling. This was the first time that India has had a single-document vision for the aviation sector and that was a welcome development.

Airports Authority of India (AAI) on April 20, 2023, issued the Airports Authority of India (Ground Handling Services) Amendment Regulations, 2023 to further amend the Airport Authority of India (Ground Handling Services) Regulation 2018, in continuation to the previously amended regulations in 2019 and 2020.

<u>DGCA AI Circular, 2022 For Providing Ground Handling Services at Private Airports:</u>

The DGCA had issued AIC S.No03/2022 dated 25th February 2022, "Grant of Permission for providing Ground Handling (GH) Services at Airports other than those belonging to the Airports Authority of India" i.e. GH Policy for all Airports that are managed by private operators. This has regulated the Ground Handling Services at Private Airports in terms of the GH Policy, uniformly.

**Airports Economic Regulatory Authority of India- AERA**

- AERA, is an independent economic regulator, aims to create level playing field, foster healthy competition amongst all major Airports to encourage investment in airport facilities and regulate tariffs for aeronautical services.
- One of the statutory functions of AERA as AERA Act, 2008, with specific reference to Ground Handling Services, is to determine the tariff for Ground Handling services at Airports.
- Ensure, Healthy Competition by removing monopolistic practices which are detrimental to all the stakeholders.

## PERFORMANCE OF THE COMPANY

### Financial

During FY 2023-24, the total revenue of the Company was Rs. 8,759.78 million as against the total revenue of Rs. 9,322.98 million during FY 2022-23. The total expenses were Rs. 7,988.73 million as against expenses of Rs. 8,350.01 million during FY 2022-23. Profit incurred before tax during the year ended 31st March 2024 was Rs. 771.05 million against the figure of Profit before Tax of Rs. 972.97 million during FY 2022-23. The Net profit after tax earned during the period was Rs. 404.26 million as against the restated Net Profit after tax of Rs. 623.27 million during FY 2022-23.

### Financial Key Achievements

During FY 2023-24, the total revenue of the Company was Rs. 8,759.78 million as against the total revenue of Rs. 9,322.98 million during FY 2022-23. The total expenses were Rs. 7,988.73 million as against expenses of Rs. 8,350.01 million during FY 2022-23. Profit incurred before tax during the year ended 31st March 2024 was Rs. 771.05 million against the figure of Profit before Tax of Rs. 972.97 million during FY 2022-23. The Net profit after tax earned during the period was Rs. 404.26 million as against the restated Net Profit after tax of Rs. 623.27 million during FY 2022-23.

- AIASL has recorded the second highest ever earned revenue of Rs. 8,759.78 million in FY 2023-24 since, the operationalization of the Company. (as such in FY 2022-23 it had recorded the highest ever earned revenue of Rs. 9322.98 million)
- AIASL has been a profit-making company since its operationalization, except for the FY 2020-21 (Covid period). The profitability course of the company has been restored soon after that Covid year and the company every year is reporting profit.
- During FY 2023-24, Profit before tax i.e. Rs.771.05 million is a respectable profit over the previous year.
- AIASL has recorded the highest Revenue of Rs.458.97 million from Non-Scheduled Operations since its Operationalization.
- AIASL has received a Statutory Audit Report with "Nil Qualifications" i.e. without any major objection, for the third consecutive year. This is a significant achievement of the Management for having secured such reports after nearly 10 years of its inception.

- AIASL has successfully remained as a debt-free company since its inception.
- All statutory compliances have been complied with during the year.
- The net worth of the company has been increased from Rs.4070.82 million to Rs.4601.64 million.
- Internally generated and retained earnings are used for all its expenses, including the most needed CAPEX requirements to replace age-old Ground Support Equipment, without seeking funds support from the parent company, AI Assets Holding Limited (AIAHL) or Govt. of India. The choice of borrowing debt from the Banks is still open.
- The health of any company is determined by its financial ratios. AIASL proudly carrying on its business, so professionally, with its very healthy financial ratios.
- AIASL is able to meetup with minimum wage compliances, by supporting with its internally generated earnings. The arrears for the non-compliant years, is also being met out of the internal earnings.
- Complete reconciliation and cleaning up of Accounts has been carried out in compliance of Ind AS requirements and findings of various Audit Reports, in the past few years.
- Second consecutive time, in the history of AIASL, every employee is being paid bonus, by giving acknowledgment to the employees for their hard work in AIASL's transformation and image makeover process.

**Operational**

- AIASL handled 1,19,343 flights (AI Group Flights & Alliance Air Flights) during FY 2023-24 as against 1,09,024 flights during FY 2022-23.
- Similarly, AIASL handled 56,123 flights of Scheduled Client Airlines in FY 2023-24 as against 95,112 flights during FY 2022-23.
- Handled 21,983 flights of Non-Scheduled Operators during FY 2023-24 as against 16,471 flights during FY 2022-23.
- Handled 441 HAJ flights during FY 2023-24.
- AIASL is the single largest Ground Handling Agency in India and in the Region having a presence at about 150 airports in India. The second-largest Ground Handling Agency in India is having a presence at about 18 Airports only when compared with the presence of AIASL. AIASL has a diverse mix of international and domestic client Airlines, having scheduled and non-scheduled flight operations, besides cargo freighters.
- AIASL is having the largest market share of ~47% as of 01st April 2024 (considering 35 Airports where 3rd party airlines operate with competitors).

- AIASL is having a Joint Working Group (JWG) arrangement, in association with M/s HAL at HAL Airport, BLR to handle all the Defense aircraft at that airport. AIASL is also ready to handle A-321 aircraft, recently acquired by DRDO/IAF from Air India, for transporting Defense Personnel across the network.

**Cargo Warehouse Management at MAA & BOM:**

- AIASL manages and operates International Cargo Warehouses at both Mumbai and Chennai Airports on behalf of Indian Customs. With continuous efforts, AIASL has secured Regulated Agent (RA) status from BCAS for its Chennai Cargo Warehouse and further, the documents for getting a similar RA status from BCAS for the Mumbai Cargo Warehouse have also been submitted with the BCAS.

- Further, AIASL has been granted RA3 status for both Chennai and Mumbai Cargo Warehouses, facilitating the carriage of cargo to UK, Europe and other EU countries directly from here, after the screening.

- AIASL is also providing cargo handling services at almost all the domestic airports in India, wherever authorized.

- AIASL has successfully taken over the Security Services for the AIASL Cargo Warehouses from Air India Limited effective 01st December 2024 at Chennai (MAA) and effective 01st January 2025 at Mumbai (BOM).

Additionally, AIASL also provides cabin cleaning, deep cleaning, and cabin dressing services for Air India Group companies, Alliance Air and other client airlines.

**VVIP / SESF / Defense Flights**

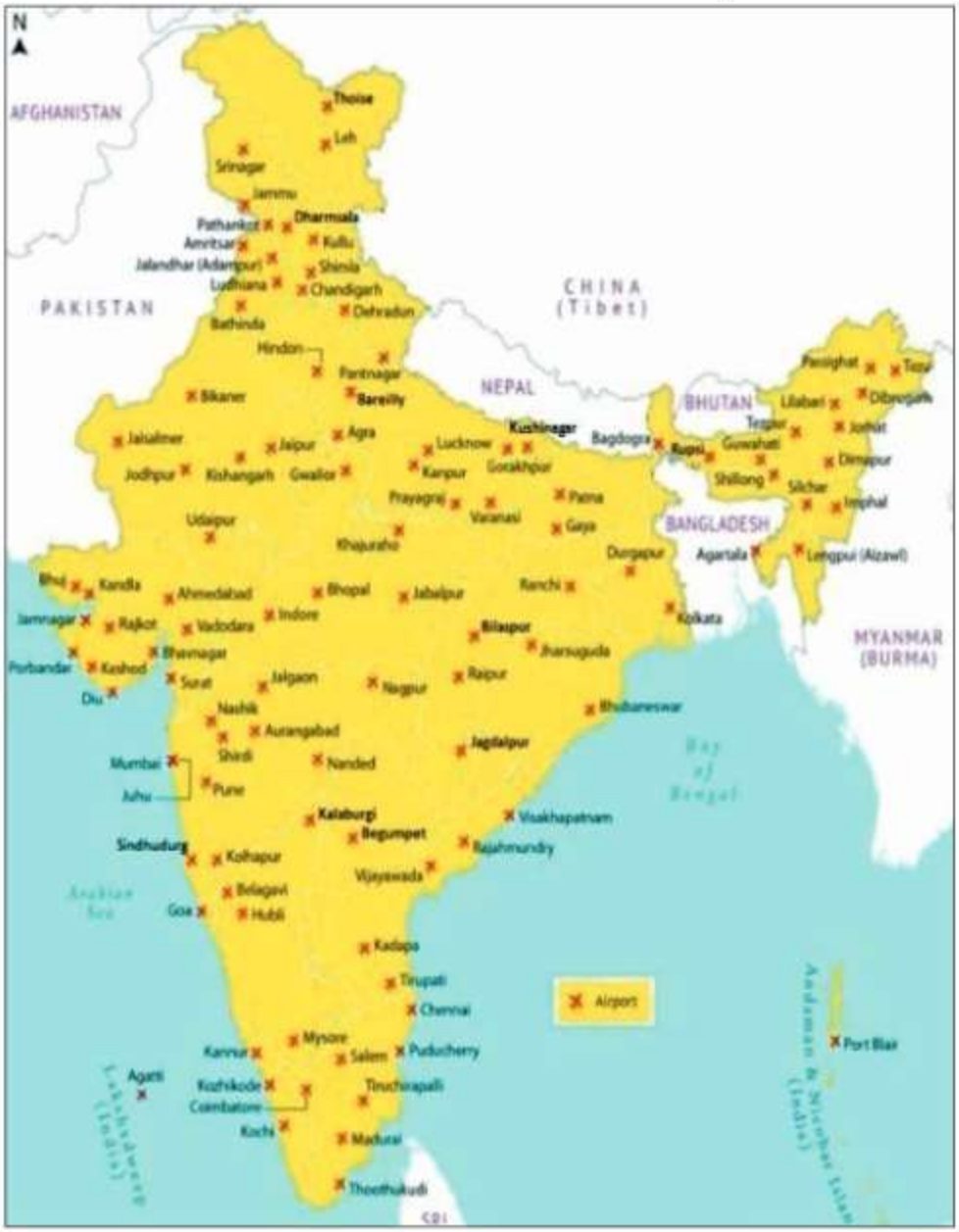
AIASL is privileged to provide Ground Handling Services and handle the VVIP flights of the Hon'ble President, Vice President, and Prime Minister of India, as AIASL has been appointed as the sole ground handler by the Indian Air Force for the handling of SESF/VVIP flights at all Indian domestic and International airports (including Civil Enclaves, and Defense Enclaves Airports). It also handles all flights on behalf of defense forces at all Indian airports like IAF, BSF, Indian Navy, DRDO, HAL, NSG, etc. AIASL has been discharging GH functions after taking over successfully from Air India, following the appointment of AIASL as the sole Ground Handling Agency by the Indian Air Force for coordinating, arranging, and ensuring the handling of SESF/VVIP flights at all foreign airports (Overseas).

In line with the long pending demand of Air India and their group Companies like Air India Express, Air Asia and Vistara, (now managed by Tata), and other major client Airlines, besides various Airport Operators, AIASL has embarked upon upgrading the aging Ground Support Equipment (GSEs). AIASL is finally in the process of giving a facelift to existing GSEs by adding a sizeable number of branded and brand new GSEs, by spending a sizeable amount over two years.

AIASL has also been recognized as a valued member and admitted in International Air Transport Association (IATA) Ground Handling Partnership Program in the year for 2024.AIASL continued to reap the benefits from the IATA Partnership besides acquiring expertise on par with the global practices in GH.

## Operational Key Achievements

- AIASL has registered its presence at the highest-ever, and record number of Airports across the width and breadth of India, which can be seen in the below map:




- AIASL has the highest (more than optimal) utilization of the available Ground Support Equipment.
- Handled, highest number of flights ever, in the history of AIASL i.e. 2,20,722 flights during the F.Y 2022-23.
- Flights handled by AIASL in FY 2023-24

| Air India Group & Alliance Air | Third Party Airlines | NSOP (Incl HAJ) | Grand Total |
|---|---|---|---|
| 116,567 | 56,861 | 21,515 | 194,943 |

**Other Achievements (April 2023-March 2024)**

- AIASL got approval by BCAS to function as a Regulated Agent at International Cargo Terminal at NS10, Chennai Airport for the first time in the history of AIASL.
- AIASL has been awarded by CATHAY CARGO for "Outstanding Performance India" on 25th August 2023.
- On 15th August 2023, on the occasion of the celebration of the 30th Anniversary of Myanmar Airways International (MAI) at Rangon-Myanmar, AIASL has been internationally recognized and awarded with a token of appreciation for the dedicated GH services provided to Myanmar Airways International at Kolkata and Chennai Airport.
- Asia's largest event on Civil Aviation, Wings India 2024, was held at Begumpet Airport, Hyderabad from 18th January to 21st January 2024. AIASL was appointed as the Official Ground Handling Partner for this prestigious event.
- AIASL was awarded the prestigious honour in the form of "Best Ground Handling Services Provider" at Wings India 2024 by FICCI
- AIASL rose upto the call of Govt., MoCA, and AAI in ensuring its presence at Ayodhya Airport when it was inaugurated by the Hon'ble Prime Minister along with the Hon'ble Minister of Civil Aviation.
- AIASL was adjudged as Outstanding Ground Handling Agency at Chennai Airport by SF Airlines and awarded "The Best Ground Handler" at a function at Chennai Airports.
- CEO-AIASL has been awarded the "CEO with HR Orientation" Award at the World HRD Conference held in Mumbai.

## CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2023-24

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013, and laid down the CSR Policy with the objective of making a positive contribution to society through high-impact, sustainable programs. As per the CSR provisions stipulated in the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2023-24.

However, in FY 2023-24, an unutilized CSR fund (i.e., unspent amount of previous years i.e. until FY 2019-20) has been utilized as per the directions given by the Board in their 103rd Board Meeting dated 22nd March 2024.

A detailed report on the CSR activities including the details of utilized CSR funds pertaining to the Ongoing CSR Project that forms part of the Directors' Report is annexed at **Annexure II.**

## CORPORATE GOVERNANCE

AI Airport Services Limited is in compliance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The Company, based on self-evaluation, falls under the 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the FY 2023-2024. The DPE has also awarded 'Excellent' grading to AIASL for compliance of DPE Corporate Governance Guidelines during 2021-22 and for the FY 2022-23 and 2023-24 DPE grading is awaited.

## ACKNOWLEDGMENTS

I take this opportunity to thank the Ministry of Civil Aviation, the Airports Authority of India, Bureau of Civil Aviation Security, the Director General of Civil Aviation and the Airport Economic Regulatory Authority for the unstinted support. I also acknowledge the support extended by all the State Govt. Authorities and the other stakeholders including all Private Airport Operators in India (GMR, Adani Airports, CIAL, MIAL etc), Banks, and Regulatory agencies, and assure them that we shall ensure taking AIASL to greater heights. I would like to thank my colleagues on the Board for their valuable contribution and guidance, and CEO AIASL and other KMP's in ensuring the turnaround of the company, enhancing corporate governance and maintaining cordial relation with all stakeholders.

I would also like to thank all employees of AIASL for rising to the occasion and putting in their exemplary efforts to ensure the performance of the company for their individual contributions, upholding the image of AIASL.

I on behalf of the Board of AIASL and AIAHL express my gratitude to all of them for their regular guidance and support.

**Date: 26.03.2025**
**Place: New Delhi**

**Sd/-**
**Amit Kumar**
**Chairman**

**VISION:**

To be the leader in providing World Class Ground Handling services at all Indian Airports and expand Globally.

**MISSION:**

**- Customer**

- Provide safe, reliable, and on-time services
- Deliver the highest quality of service at all Indian Airports
- Provide State-of-the-Art Ramp Equipment
- Be the epitome of Indian Hospitality

**- Processes**

- Continuously improve standards of safety and efficiency
- Continuous up-gradation and modernization of ramp equipment

**- People**

- To maintain an energetic, qualified, and highly motivated professional team
- Maintain a high degree of work ethics

# DIRECTORS' REPORT

The Directors take pleasure in presenting the Twenty First Annual Report of the Company, together with the Audited Accounts, Auditor's Report, and Comments by the Comptroller and Auditor General of India, for the year ended 31st March 2024.

## FINANCIAL PERFORMANCE

**(Rupees in Millions)**

| Particulars | 2023-24 | 2022-23 (Restated) |
|---|---|---|
| Total Revenue | 8759.78 | 9322.98 |
| Total Expenses | 7988.73 | 8350.01 |
| **Profit(Loss) before Exceptional Items and Tax** | **771.05** | **972.97** |
| **Profit(Loss) before Tax** | **771.05** | **972.97** |
| Current Tax | 187.09 | 235.77 |
| Short Provision of Tax | 0 | 0 |
| Deferred Tax Asset | 179.70 | 113.93 |
| **Net Profit(Loss) after Tax** | **404.26** | **623.27** |

## OTHER FINANCIAL INFORMATION

### Share Capital:

The Authorized Share Capital of the company during the year was Rs.1000,00,00,000/- (Rupees One Thousand Crores).

The Paid-Up Share Capital of the company during the year was Rs.138,42,42,000/- (13,84,24,200 Equity Shares of Rs.10/- each).

During the year under review, there was no change in the share capital of the Company and the entire shareholding is held by AI Assets Holding Limited (AIAHL) along with its nominees.

## CHANGES IN SHARE CAPITAL, IF ANY

There was no change in the Authorized and Paid-up Share Capital of the Company.

## DETAILS OF REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not revised its Financial Statements or Board's Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013. However, the financial statements for FY 2023-24 have been restated in this year's report.

## STAFF STRENGTH

Based on the requirements for handling of Air India, Air India Express, Alliance Air Aviation, and other Customer airline flights including Non-Schedule operators flights at various Indian Airports, the number of staff inducted under various categories as on 31st March, 2024 is given below:

| Particulars | Numbers |
|---|---|
| Chief Executive Officer | 1 |
| GM-GH | 3 |
| Company Secretary | 1 |
| DGM | 5 |
| Chief Financial Officer | 1 |
| Chief Security Officer | 1 |
| Chief of MMD | 1 |
| Dy COF & AGM(O)-Finance | 1 |
| SR. AGM/AGM/AGM-GH/AGM-HR | 24 |
| Dy. Chief Of IT | 1 |
| Sr. Manager/Manager/DY. Manager/Asst. Manager | 17 |
| Manager Service Engineer, Sr. Supdt. Service Engineer, Sr. Service Engineer Supt. Service Engineer Jr. Service Engineer | 61 |
| Terminal Manager/ Dy. Terminal Manager/Asst. Terminal Manager/ Regional Security Co-ordinatior/Asst. Regional Security Co-ordinator/Officiating Regional Security Co-ordinator/Asst. Executive Corporate Intelligence/ Asst. Executive Security/Asst. Executive Finance/Asst. Executive Commercial/Asst. Officer – MMD/Ch. Operator/Executive Co-ordinator/Executive Quality Compliance & Trainings/ Executive Security/Executive Cargo/Executive Cargo Operation/Executive Civil/Executive Commercial functions/trainings/Executive Corporate Intelligence/Executive – IR/HR/Personnel/Executive Pax Handling/Executive Ramp/Executive – Ramp/Maintenance/Executive –SESF& HAJ Charters/Executive-IR/Executive Airport and Cargo operations/Executive HAL-AIASL-JWG/Executive Service Delivery/Executive Time Office Attendance& Management/Ramp Operator/Sr. Executive Ground Handling/Sr. Operator/Asst. Executive Vigilance/Executive MMD/Officer Personnel/Manager – Ramp /Maintenance/Dy. Manager Ramp /Maintenance/Duty Manager/ Duty Officer/Officiating Duty Manager/ Officiating Duty Officer | 232 |
| Sr. Ch. Aircraft Equipment Operator, Ch, Aircraft Equipment Operator, Sr. Aircraft Equipment Operator, Aircraft Equipment Operator, Jr. Aircraft Equipment Operator | 119 |
| Sr. Driver, Apron Supervisor, Sr. Chief Assistant, Sr. Lead Assistant Sr. Assistant, Chief Assistant, Asst.I, Asst. II | 426 |
| Officer HR/Officer Accounts/Officer – HR/IR/Officer –IT/Officer – QMS/Officer–SMS/Officer Security/Officiating Officer Finance | 33 |

| | |
|---|---|
| Manager-Finance/ Officiating Finance Manager/ Manager- HR/ Officiating Manager-IT/Manager – QMS /Manager – SMS/Manager Service Assurance/Manager Technical | 17 |
| Asst. Manager – Technical/Jr. Officer – Technical/Dy. Manager Technical | 168 |
| Sr. Supervisor Ramp/Maintenance/Supervisor Ramp Maintenance/ Jr. Supervisor Ramp Maintenance/Jr. Executive Ramp/Jr. Executive Pax Handling/Jr. Supervisor IT/Jr. Officer – HR/ Jr. Officer – Security/ Jr. Officer – Customer Services/ Jr. Officer – Cargo/ Jr. Officer – Cabin Service/ Jr. Officer – Accounts | 846 |
| Customer Agent/ Para Medical Agent cum Cabin Services Agent/Asst Accounts/Assistant –HR | 3824 |
| Jr. Customer Agent | 1006 |
| Sr. Customer Agent/Sr. Asst Accounts/Sr. Assistant HR | 498 |
| RSA/RSA-I/RSA(LG) | 333 |
| Sr. RSA/Sr.RSA-I | 137 |
| Security Agent | 12 |
| Utility Agent | 395 |
| Utility Agent Cum Ramp Driver | 1488 |
| Handy Man/Safai Kamgar/Semi Skilled | 8772 |
| Utility Service Agent | 25 |
| **Total** | **18448** |

## IMPLEMENTATION OF RESERVATION POLICY:

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975, along with the revised Directives effective 1991 and 1996.

**SC/ST/OBC – Number of employees as on 31st March, 2024**

| Total No. of employees | Total No. of SC employees | % of SC employees | Total No. of ST employees | % of ST employees | Total No. of OBC employees | % of OBC employees |
|---|---|---|---|---|---|---|
| 18448 | 4153 | 22.51 | 820 | 4.44 | 3545 | 23.55 |

## ACTIVITIES OF AI AIRPORT SERVICES LIMITED

AIASL provides Comprehensive Ground Handling services to AI Group (Air India & Air India Express Limited), Alliance Air Aviation Limited (Group Company), and many Domestic & Foreign Airlines, Cargo charter operators, and Non-Schedule Operators at various airports in India. AIASL also operates cargo warehouses one each at BOM & MAA.

AIASL is a leading ground-handling service provider in India and offers ground-handling services, more than at about 150 airports (including civil airports and civil enclaves) in India. AIASL presently has a presence at 85 airports and arranges the ground handling services at the remaining airports on request. Besides, AIASL also offers Ground Handling services at Defence Enclaves (Airports) for all defence aircraft.

The services can be majorly identified as:

- Passenger Handling / Ramp Handling / Cargo Handling / Cabin Services / Station Management
- Cargo warehouse handling at BOM & MAA as at present and any other airports in the future.
- Ground Handling Services to Subsidiary Companies – Alliance Air Aviation Ltd & AI Engineering Services Ltd.
- Non-scheduled flights Handling of Domestic & International Private Charter flights - PAN India basis.
- Special Extra Section Flights (SESF) of Indian Air Force (IAF) – Domestic & International.
- Non-SESF Domestic Handling of Govt. Agencies (Indian Air Force, Indian Navy, Border Security Forces, NSG Charter) etc.
- Ground Handling Services at IGI T3 Terminal for Aeroflot, Mahan Air & Belavia Airlines.
- Security Services at Chennai & Mumbai Cargo Warehouse and also IGI T3 Terminal for Aeroflot.
- HAL – AIASL Joint Working Group at Bengaluru, HAL Airport.
- There is NIL outsourcing of manpower as of date in AIASL.

As per MOCA's direction, AIASL provided comprehensive Ground Handling Services at Indira Gandhi International Airport, Delhi Terminal 3, for Aeroflot, Mahan Air, and Belavia Airlines. In addition, Security Services were rendered exclusively for Aeroflot at the same terminal, ensuring seamless operations and adherence to the highest standards.

**IMPLEMENTATION OF OFFICIAL LANGUAGE**

The Company is taking steps for implementation of the provisions of the Official Language Act and Rules framed under the Act.

**DISCLOSURE UNDER THE PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013**

The provisions of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013 have been implemented in the company and necessary actions are being taken in line with guidelines received from time to time to prevent Sexual Harassment of Women at the workplace.

An internal complaints committee has been put in place as per Section 4 of the Act. In terms of Section 22 of the Act, the details of sexual harassment cases filed, if any, in the company during the financial year, are as under:

- Number of complaints of sexual harassment received in the year; 1
- Number of complaints disposed of during the year; 1
- Number of cases pending for more than ninety days; None
- Number of workshops or awareness programs carried out in connection with sexual harassment; Training on POSH organized by NAHRD was provided to most of the senior staff deployed at various station in phased manner. Beside this, the Company also organized HR Conclave on PAN India basis, covering all the employees engaged in administration & HR related profile, wherein "PoSH Awareness" subject was one of the integral part of the Conclave. Further, General awareness programs through internal circulars are being implemented across all offices of AIASL.

- Remedial measures taken by the company: Female Security Staff Deployed at workplaces and Time to Time Counseling are done.

## COMPLIANCE WITH THE RTI ACT, 2005

AIASL has successfully ensured compliance with the provisions of the Right to Information Act for providing information to the citizens.

AIASL has decentralized its structure to deal with the applications/appeals received under the RTI Act with effect from 18 February 2014, 05 Public Information Officers (PIOs), 05 Assistant Public Information Officers (APIOs), 01 Nodal Officer and an Appellate Authority have been appointed for speedy disposal of applications/appeals.

During 2023-24, 31 RTI Requests and 04 Appeals were received and all have been disposed of.

## CHANGE IN NATURE OF BUSINESS

There is no change in the nature of business of the Company.

## DIVIDEND

The directors are not recommending any dividend for the year.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed dividend for the past years, the provisions of Section 125 of the Companies Act, 2013 did not apply.

## AMOUNT TRANSFERRED TO RESERVES

The Board of the company has decided/proposed to carry NIL amounts to its reserves.

## DEPOSITS

The Company has not accepted any deposits during the year under review.

## MSE COMPLIANCE

It always has been the endeavor of AIASL to support Micro and Small Enterprises (MSEs) and local suppliers. AIASL has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2023-24 was Rs.213.48 Million.

## INFORMATION ABOUT SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANIES

The Company does not have any Subsidiary, Joint Venture, or Associate Company.

## MATERIAL CHANGES AND COMMITMENTS

No material changes have occurred between 31st March 2024, and the date of the Board's Report affecting the financial position of the Company.

## MANAGEMENT

### DIRECTORS

During the Financial Year 2023-24, the following changes have occurred in the constitution of Directors and KMP of the Company:

| Sr. No | Name | Designation | Date of Appointment | Date of Cessation | Mode of Cessation |
|---|---|---|---|---|---|
| 1. | ** Shri Satyendra Kumar Mishra | Director (Elected as Chairman w.e.f. 01-03-2023 till 01-01-*2024)* | 02-02-2017 | 01-01-2024 | Nomination withdrawn by the Appointing Authority |
| 2. | ***Shri Asangba Chuba Ao | Director (Elected as Chairman w.e.f. 01-01- 2024) | 01-01-2024 | - | - |
| 3. | *Smt. Parama Sen | Woman Director | 11-02-2022 | 12-12-2023 | Nomination withdrawn by the Appointing Authority |
| 4. | *Shri Rahul Jain | Director | 12-12-2023 | 14-05-2024 | Nomination withdrawn by the Appointing Authority |
| 5. | Smt. Nayonika Dutta | Woman Director | 12-02-2024 | -- | - |

*In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 12-12-2023, Shri Rahul Jain, Joint Secretary (JS), DIPAM, has been nominated on the Board of AIASL vice Smt. Parama Sen w.e.f. 12-12-2023. In view of this, the following changes took place on the Board of AIASL:

*Smt. Parama Sen ceased as Nominee Director from the Board of AIASL w.e.f. 12-12-2023 and Shri Rahul Jain appointed as the Nominee Director on the Board of AIASL w.e.f. 12-12-2023.*

**Further, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 02-02-2024, Shri Asangba Chuba Ao, Joint Secretary (JS), MoCA, has been nominated on the Board of AIASL vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024. In view of this, the following changes took place on the Board of AIASL:

*Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman from the Board of AIASL w.e.f. 01-01-2024. Further, AIASL Board vide its Resolution by circulation having Ref. No. APP 60 dated 05-02-2024 had nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AIASL w.e.f. 01-01-2024 and passed the requisite resolution on 05-02-2024 till any further instruction from the MoCA/Holding Company.*

***Thereafter, in terms of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 14-05-2024 read with OM dated 08-02-2024 and order dated 26-02-2024 issued by MoCA, the following changes took place on the Board of AIASL:

*Shri Rahul Jain ceased as Nominee Director from the Board of AIASL w.e.f. 14-05-2024. Further, AIASL Board vide its Resolution by circulation having Ref. No. App.61 dated 30-05-2024 had appointed Shri Shobhit Gupta w.e.f. 25-05-2024 and Dr. Alok Pande w.e.f. 16-05-2024 as the Nominee Director(s) on the Board of AIASL (i.e. from the dates they have obtained their respective Director Identification Number) and passed the requisite resolution on 30-05-2024. Also, Shri Asangba Chuba Ao, being CMD-AIAHL(as per the OM dated 14-05-2024 read with OM dated 26-02-2024), holds only one position as Nominee Director on the Board of AIASL w.e.f. 14-05-2024 and continued to be the Chairman, in his ex-officio capacity, on the Board of the Company, for Board and General Meetings till any further communication from MoCA/AIAHL.*

The Board placed on record its appreciation for the valuable services rendered by Shri Satyendra Kumar Mishra as Chairman, Smt.Parama Sen and Shri Rahul Jain as Nominee Directors on the Board and Board Level Committees of the Company during their tenure.

## KEY MANAGERIAL PERSONNEL (KMP)

| Sr. No | Name | Designation | Date of Appointment | Date of Cessation | Mode of Cessation |
|---|---|---|---|---|---|
| 1 | Shri Rambabu Ch. | CEO | 31.07.2021 | - | - |
| 2 | Shri Sandeep Malhotra | CFO | 09.02.2023 | - | - |
| 3 | Smt. Shashi Bhadoola | CS | 11.06.2020 | - | - |

## MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act, 2013, a total of 6 Board Meetings were held during the FY 2023-24, out of which four Board Meetings were held through video-conferencing and two Board Meetings were held physically. Further, the provisions of the Companies Act, 2013 were adhered to while considering the time gap between the two Meetings. The details of the meetings held during the F.Y 2023-24 are as under:

| Sr. No. | Date of Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|
| 1 | 26th June, 2023 | 3 | 3 |
| 2 | 19th July 2023 | 3 | 2 |
| 3 | 15th September, 2023 | 3 | 2 |
| 4 | 03rd November, 2023 | 3 | 3 |
| 5 | 16th February, 2024 | 4 | 4 |
| 6 | 22nd March, 2024 | 4 | 4 |

## BOARD COMMITTEES

The Company has the following Committees of the Board:

1. Audit Committee
2. Corporate Social Responsibility (CSR) Committee

### 1. AUDIT COMMITTEE

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company initially constituted the Audit Committee of the Board in November 2014 and reconstituted the same on 13th December 2017. Further, post disinvestment of Air India Limited (the then Holding Company), the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

As on 31st March, 2024, the following were the Members of the Audit Committee, in ex officio capacity:

| Sr. No | Particulars of the Director | Position Held in the Committee |
|---|---|---|
| 1. | Shri Padam Lal Negi<br>Jt. Secretary & Financial Advisor, MoCA | Chairman |
| 2. | Shri Asangba Chuba Ao<br>Chairman & Managing Director-AIAHL, Jt. Secretary -MoCA | Member |
| 3. | Shri. Rahul Jain,<br>Jt.Secretary, DIPAM | Member |

The Board has accepted the recommendations of the Audit Committee.

### 2. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE

In compliance with the requirements of the Companies Act 2013, the Board initially constituted a CSR Committee on 23rd May 2016. Further, post disinvestment of Air India Limited (the then holding company), the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time and consequentially the Board had reconstituted the Board Committees inter-alia CSR Committee from time to time in compliance with the applicable provisions.

As of 31st March 2024, the CSR Committee comprises of:

| Sr. No | Particulars of Director | Position Held in the Committee |
|---|---|---|
| 1. | Shri Asangba Chuba Ao<br>Chairman & Managing Director-AIAHL, Jt. Secretary -MoCA | Chairman |
| 2. | Shri Padam Lal Negi<br>Jt. Secretary & Financial Advisor, MoCA | Member |
| 3. | Shri Rahul Jain<br>Jt. Secretary, DIPAM | Member |

The other details pertaining to the Audit Committee & CSR Committee are included in the Corporate Governance Report, which forms part of this report. Also, the Annual Report on CSR Activities for F.Y. 2023-24 is enclosed with this report.

## DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

1. That in the preparation of the Annual Accounts, the applicable IndAS has been followed and there has been no material departure;
2. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31 March 2024 and of the profit or loss of the Company for the year ended on that date;
3. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable;.
5. That the annual accounts have been prepared on a going concern basis; and
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

## STATUTORY AUDITORS

M/s Bansal & Co LLP., Chartered Accountants, Delhi, were appointed as Statutory Auditors for the year 2023-24 by the Comptroller & Auditor General of India.

The Auditors' Report along with Management's replies thereon are attached. The notes on financial statements are self-explanatory and need no further explanation.

## COMMENTS OF COMPTROLLER AND AUDITOR GENERAL OF INDIA

The NIL comments Dated 07-03-2025 of the Comptroller and Auditor General of India under Section 143 (6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31st March 2024, are attached to this Report.

## SECRETARIAL AUDITOR

The Board had appointed M/s Amit Agarwal & Associates, Company Secretaries, Delhi as Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2023-24. The Secretarial Audit Report given by the Secretarial Auditor and management replies/comments thereon are enclosed with this report.

## COST AUDITOR

M/s K. G Goyal & Associates, Cost Accountant had been reappointed as Cost Auditor for conducting the Cost Audit for the F.Y 2023-24, by the Board at its 100th Meeting held on 15th September 2023.

The Company maintains Cost Accounts and records as per the provisions of Section 148(1) of the Act and the same are audited by the Cost Auditors. During FY 2023-24, the Cost Audit Report for FY 2022-23 was filed with the Ministry of Corporate Affairs on 07th October 2023.

## INTERNAL AUDITOR

M/s Diwan Kunwariya & Co. Chartered Accountants, had been appointed by the Board of Directors to conduct the Internal Audit of the Company for FY 2023-24.

## LOANS, GUARANTEES, AND INVESTMENTS

There were no loans, guarantees, or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review, and hence the provisions of Section 186 are not applicable to the Company.

## DETAILS OF THE DIFFERENCE BETWEEN THE AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING A LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year under review, no Loan/no one-time settlement of Loans taken from Banks and Financial Institutions.

## SIGNIFICANT & MATERIAL ORDERS

During the year no significant and material orders were passed by the Regulators, Courts, or Tribunals impacting the Going Concern Status and Company's operations in the future.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, AND FOREIGN EXCHANGE EARNINGS AND OUTGO

### (A) Conservation of Energy and Technology Absorption

The particulars as required under the provisions of Section 134(3)(m) of the Companies Act, 2013 in respect of Conservation of Energy and Technology Absorption have not been furnished considering the nature of activities undertaken by the Company during the year under review.

However, the Company has made all efforts wherever possible for the conservation of non-renewable sources of energy and utilizing the alternative sources of energy.

### (B) Foreign Exchange Earnings and Outgo

The foreign exchange earnings and outgo during the year under review were as under:

| USD in Millions | |
|---|---|
| Earnings | USD 26.07 |
| Outgo | USD 1.81 |

## DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. As per the CSR provisions stipulated under the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2023-24. However, during the FY 2023-24, AIASL utilized its unutilized unspent CSR funds (unspent amount/funds accumulated from previous years i.e. until FY 2019-20) amounting to Rs. 6,25,07,941.86/- [5,38,90,383 + 8,617,558.86 (Interest)], in the manner as approved by the Board in their meetings held from time to time and finally in the 103rd Board Meeting dated 22.03.2024 and the same has been certified by Chief Financial Officer of AIASL **(Certification of CFO on CSR funds utilization enclosed as Annexure -II A).**

Annual Report on CSR Activities for the F.Y 2023-24 is enclosed as **Annexure-II.**

## SECRETARIAL STANDARDS

During F.Y 2023-24, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

## CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance. The detailed Corporate Governance Report forms part of this Report separately.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

## EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3) and Section 134(3) of the Companies Act, 2013 read with rule 12(1) of the Companies (Management and Administration) Rules, 2024, the Annual return of the Company for the year ended 31st March, 2024 will be available on the website of the Company i.e. https://www.aiasl.in/Annualreturn.aspx.

## DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

## PARTICULARS OF EMPLOYEES

As per the Ministry of Corporate Affairs Notification dated 5 June 2015, provisions of Section 134(3) (e) are not applicable to a Government Company.

Consequently, details on Company's policy on Directors' appointment and other matters are not provided under Section 178(3).

Similarly, Section 197 shall not apply to a Government Company. Consequently, a statement showing the names and other particulars of every employee of the Company, who if employed throughout / part of the Financial Year, was in receipt of remuneration in excess of limits set out in the Rules, is not provided in terms of Section 197(12) read with Rule 5(1) / (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

AIASL being a Government Company, its Directors are appointed/ nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria for determining qualifications and other matters.

## ANNUAL EVALUATION

Vide NotificationNo.G.S.R.463 (E) dated 5 June 2015, the provisions of Section 134(3)(p) relating to Board Evaluation are not applicable since the Directors are evaluated by the Ministry of Civil Aviation.

## INDEPENDENT DIRECTORS AND DECLARATION

AIASL is a wholly owned subsidiary of AI Assets Holding Limited. As per Article 97 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by Administrative Ministry/AI Assets Holding Limited, who in turn can do so subject to the directions of the Government of India.

AIASL is an unlisted public company and a wholly-owned subsidiary of AI Assets Holding Limited and as per the Ministry of Corporate Affairs Circular dated 5th July 2017, an exemption has been given to unlisted wholly-owned subsidiary companies from appointing Independent Director.

## NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee under section 178 of Companies Act 2013 has been exempted for the unlisted wholly-owned subsidiary companies vide notification no. GSR 880(E), dated 13-07-2017. AIASL being an unlisted wholly owned subsidiary company of AI Assets Holding Limited thus got exempted from these provisions.

## REMUNERATION POLICY

### Remuneration to Executive Directors and Non-Executive Directors

Provisions of Section 197 of the Companies Act, 2013 in respect of remuneration to Directors of the Company are not applicable to Government Companies vide Notification No.G.S.R.463(E) dated 5 June 2015.

## INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the 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, which is commensurate with the operations of the Company.

Further, the company is in the process of strengthening the internal control process so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments.

M/s Diwan Kunwariya & Co., Chartered Accountants, Delhi was appointed as Internal Auditors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and, facilitate in optimum utilization of resources and protect the Company's assets for F.Y 2023-24.

## DISCLOSURE REGARDING FRAUDS

There were no frauds reported by the Auditor to the Audit Committee or to the Board.

## QUALITY & SAFETY MANAGEMENT IN GROUND HANDLING

The implementation of a dedicated Safety and Quality Team focuses on enhancing operational safety, streamlining processes, and ensuring high service standards for customer airlines. This includes proactive hazard reporting, comprehensive risk management, and region-specific risk assessments. Continuous improvement through audits, training, and feedback ensures consistent safety and quality across all stations, with clear communication to airlines on updates and improvements.

Fostering a risk culture empowers employees to proactively identify potential risks and seize opportunities, driving effective, timely responses for enhanced organizational resilience.

Effectively identifying, assessing, and managing risks is crucial for safeguarding a company's human, physical, and financial assets. By taking a strategic and coordinated approach, businesses can minimize disruptions and control costs. This proactive risk management ensures long-term stability and success.

The internal and fortnightly audits across regions are pivotal in ensuring a thorough review and ongoing enhancement of operational standards, upholding the highest quality benchmarks in all processes.

## RISK MANAGEMENT

The Company is in the process of formulating a Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

## VIGIL MECHANISM

The Vigilance Department of the holding company i.e., AI Assets Holding Limited (AIAHL) covers the Vigilance function of subsidiary companies of AIAHL including AIASL.

The Whistle Blower Policy of the Company has already been approved by the Board of Directors.

## RELATED PARTY TRANSACTIONS

The Company, during the Financial Year, entered into contracts or arrangements with related parties, which were in the ordinary course of business and on an arm's length basis. These transactions are not falling under the provisions of Section 188(1) of the Act.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

The Company has obtained approval of the Board in its 99th Board Meeting held on 19th July, 2023 for entering into contracts/arrangements with AI Assets Holding Limited and other subsidiary companies (Government Companies) for an estimated amount of approximately Rs.56.77 Crores during 2023-24. The details of Related Party Transactions in form AOC-2 are attached at **Annexure-III**. There was no material related party transaction with the Company's Directors, Management or their relatives, which could have had a potential conflict with the interests of the company.

## ACKNOWLEDGEMENTS

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

**For & on behalf of the Board**

**Sd/-**
**Asangba Chuba Ao**
**Chairman**

**Place: New Delhi**
**Date : 03-01-2025**


एआई एयरपोर्ट सर्विसेज़
AI AIRPORT SERVICES
FICCI
WINGS INDIA AWARDS 2024
Best Service Provider-Ground Services
AI Airport Services Limited
AI AIRPORT SERVICES
AIASL


AI AIRPORT SERVICES
From Tarmac to Takeoff:
Our Team, Your Reliable Partner.
HINDUS
Indigenous


A1
TG 348
THAI
Suvarnabhumi
A2
A3
TG 348
THAI
Bangkok
A4
A5
THAI
THAI
WELCOME T
ROYAL ORCH
SERVICE
mera

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## 1. ANALYSIS OF FINANCIAL PERFORMANCE

### Revenue

Total revenue earned during the year was Rs. 8,759.78 million as against restated Rs.9,322.98 million during 2022-23.

### Expenditure

The total expenditure incurred during the year was Rs.7,988.73 million as compared to the restated previous year's figure of Rs.8,350.01 million

## 2. INDUSTRY STRUCTURE AND DEVELOPMENT

India has become the third-largest domestic aviation market in the world and is expected to overtake the UK to become the third-largest air passenger market. Indian aviation also contributed significantly to the GDP, creating millions of jobs. India is expected to overtake China and the United States as the world's third-largest air passenger market in the next ten years. The Aviation industry's fastest growth is being propelled by the development of airports across multiple city tiers; a liberalized FDI policy; increasing adoption of information technology and a strong focus on regional connectivity.

India's civil aviation industry has soared to new heights, cementing its position as one of the world's most lucrative markets. In FY24, domestic passenger traffic reached 306.79 million, marking a 13.5% YoY growth, while international traffic surged to 69.64 million, reflecting a robust 22.3% YoY increase. This impressive growth underscores the sector's resilience and its pivotal role in shaping India's global connectivity. As the industry continues to evolve, its potential for further expansion remains boundless.

The Government's ambitious target to operationalize 1,000 UDAN routes and revive or develop 100 unserved and underserved airports, heliports, and water aerodromes by 2024 marks a significant leap in regional connectivity. Under the RCS-UDAN scheme, two water aerodromes have already commenced operations, showcasing a commitment to linking remote and inaccessible areas with the mainstream aviation network. This initiative not only boosts economic growth in hinterlands but also underscores India's drive toward inclusive infrastructure development.

### OVERVIEW- GROUND HANDLING

The India ground handling services market is consolidating with a large number of GHA's being appointed at most of the Airports by the Airport Operators, and competing in the market. AI Airport Services Limited is the leading player in terms of spread, handling, and revenue in the India ground handling services market. Air India SATS Airport Services, Bird Worldwide Flight Services, Celebi NAS Airport Services Private Limited, and Indo-Thai Airport Management Services are the other leading GHA's.

The ground handling services market in India is expected to grow at a positive double digit CAGR during FY'2019 - FY'2026. Increase in the level of implementation of favorable government schemes in the ground handling and aviation sector will be the major contributor to this growth. Future catalysts will be the entry of new domestic and foreign players in the airport ground handling services market with airlines increasing their fleet sizes and completion of construction of new airports.

The future of ground handling services in India is set for significant growth, driven by the surge in air passenger and freight traffic. The expansion of airline fleets, coupled with the rise of new carriers like Akasa Air and major players like Air India and Indigo, is fueling the demand for enhanced ground services.

Additionally, the modernization and expansion of airport terminals will further bolster the sector's growth. With over 1,250 aircraft orders placed by Indian carriers, the ground-handling services market is poised for a robust transformation. This upward trajectory promises a more dynamic and efficient aviation ecosystem in India.

## 3. SWOT ANALYSIS

### STRENGTH

- AIASL is the largest Ground Handler in India having its presence across India, from Leh in North to Port Blair & Agatti in South
- AIASL has the right to render GH services at all airports across India including Civil Enclaves, Defence airports, and upcoming future airports
- With the available fleet of Ground Support equipment, AIASL is able to render ground handling services covering all types of passenger & freighter aircraft up to A380.
- AIASL has the benefit of matching the lowest royalty at all airports in India.
- AIASL has expertise and experience of more than five decades considering its evolution from Air India.
- AIASL has a mixed strength of experienced employees transferred from Air India and young direct recruits from the market.
- AIASL has around 150 qualified engineers (BE / BTech) from reputed institutes of India.
- AIASL has initiated steps to become an IATA Ground Handling partner, reinforcing its global image and credibility
- AIASL has co-executed an agreement with IAF for handling of Special Extra Section Flights (SESF) in India and at Foreign Stations abroad.
- AIASL has also co-executed an agreement for handling all other flights (Non-SESF, A321 courier, etc) of IAF in all Indian Airports
- Demonstrating resilience, AIASL successfully took over ground handling at various airports within short timeframes due to the cessation of non-entity ground handlers in 2021, maintaining operations with minimal complaints.
- AIASL rose to the occasion twice when non-entity GHAs exited (1st Jan 2021 & 15th July 2021) and is successfully handling all flights with minimum complaints.
- AIASL, as exclusive rights, handled the Wings India 2024 event with New aircraft on display by various Aircraft manufacturers (including Boeing B777X) at Begumpet Airports with the latest state-of-the-art GSE
- AIASL operates as a debt-free company and has invested in state-of-the-art GSE over the past five years through its own resources. Additionally, it has no pending statutory dues as of date .
- AIASL has been instrumental in the transportation of PPE kits, life-saving drugs & vaccines during the COVID Pandemic in India, thereby contributing significantly to the India's infrastructure.
- AIASL's warehouses in Chennai and Mumbai are certified for RA, RA3 UK, and RA3 EU compliance, ensuring adherence to global standards for cargo handling

## WEAKNESS

- AIASL activities are predominantly performed on a manual system, leading to inefficiencies. The absence of automation hinders operational effectiveness, making the implementation of an ERP/SAP system critical to streamline processes and eliminate delays.
- The average age of GSE in use is 15.2 years, significantly lagging behind private competitors with newer, more efficient equipment. The lack of modernized GSE affects service quality and the ability to compete effectively.
- Reliance on Air India for IT infrastructure, land, space, and regulatory training limits operational independence and adds layers of complexity to resource management.
- Retaining trained and experienced personnel remains a significant challenge due to frequent poaching by competing Ground Handling Agencies (GHAs), which undermines workforce stability and increases training costs.
- Outstanding Regional Labour Commissioner (RLC) and other legal cases create operational and financial uncertainties, diverting resources that could otherwise be used for strategic growth.

## OPPORTUNITIES

- AIASL has significant potential to tap into business opportunities in cargo warehouse handling at airports across India, excluding existing operations in Mumbai (BOM) and Chennai (MAA).
- Obtaining RA (Regulated Agent) compliance for the Mumbai Cargo Warehouse is underway, which will open doors for further business expansion and partnerships.
- AIASL is poised to manage all Indian Air Force (IAF) flights, including those operated by the Defence Research and Development Organisation (DRDO), across India.
- The exclusive opportunity to handle B777 and BBJ flights of IAF at 20 defense airfields, leveraging Ground Support Equipment (GSE) provided by IAF, enhances AIASL's positioning in defense aviation support.
- AIASL has the potential to evolve into a certified IATA/DGCA-accredited training institute, catering to the growing demand for specialized aviation training.
- The training division of AIASL can be a profit-earning unit by conducting the training of other agencies.
- AIASL can further expand its non-scheduled operation (NSOP) business at Pan India Level.
- With the Government planning to operationalize more and more commercial airports from the existing airstrips, under the RCS Udan Scheme, AIASL has the opportunity to expand at these airports.
- AIASL has opportunities to expand operations to neighboring countries, broadening its regional footprint and capturing international markets.
- With its widespread presence across India, AIASL is well-positioned to attract more client airlines, leveraging its operational scale and expertise.

**THREAT**

- Growing presence of other Ground Handling Agencies (GHAs) at various airports across India, leading to increased competition for market share and retentions.
- High attrition rates among fixed-term contractual employees, coupled with the superannuation of experienced permanent staff, affecting operational continuity and expertise.
- Limitations imposed by Airport Operators under the current Ground Handling (GH) Policy, restricting AIASL's appointment as a Ground Handling Agency at newly developed airports.
- Mandatory replacement of Ground Support Equipment (GSE) due to new policies by airport operators, necessitating substantial capital investment.
- Urgent need to procure environmentally compliant GSE to meet green initiatives at airports with a capacity of 3.5 million passengers annually (MPA) and above.
- High royalty percentages quoted by competing GHAs at private airports, posing challenges in maintaining competitive pricing and profitability.
- Managing the ambitious goal of increasing the workforce to 20,000+ employees while ensuring operational efficiency and profitability.
- Periodic disruptions caused by unorganized unions, impacting smooth operations and employee morale.

## 4. FUTURE OUTLOOK

AI Airport Services Limited (AIASL), was operationalized on 1st February 2013 and started its independent operations effective April 2014. Presently, AIASL provides ground handling services at about 150 airports (at 85 Airports, AIASL is fully Operational, and at 31 Airports AIASL is setting as per the development of business) in India.

In the current scenario, Ground handling (passenger, ramp, and cargo) is provided to 6 Indian scheduled airlines (including AI Group – Air India & Air India Express flights); 4 Regional Airlines (including Alliance Air flights); 1 domestic cargo airline; 65 foreign scheduled airlines, 4 seasonal charter airlines and 22 foreign airlines availing (APEDA) perishable cargo handling apart from Non-Scheduled handling.

Additionally, AIASL also provides Cabin Cleaning & Cabin Dressing services to Air India Group, Alliance Air and other client airlines.

AIASL, the future outlook can be summarized as follows:

- AIASL has initiated the process to comply with and obtain the ISAGO (IATA Safety Audit for Ground Operations) certification, ensuring adherence to global safety and operational standards.
- AIASL has successfully taken over the Cargo Warehousing custodianship at Chennai (MAA) from Air India, contributing to enhanced revenue generation opportunities.
- AIASL has attained RA, RA3 EU, and RA3 UK certifications for its Chennai Cargo Warehouse. Additionally, the Mumbai Cargo Warehouse has achieved RA3 UK and RA3 EU certifications. The RA inspection for Mumbai has been concluded, and the certificate is awaited. These milestones reflect AIASL's dedication to upholding the highest security standards in cargo operations.
- AIASL is planning to expand its service offerings by initiating the handling of International Courier business at the Chennai Cargo Warehouse, introducing new services to drive additional revenue.

- AIASL continues to facilitate SESF operations both domestically and internationally, strengthening its global operational presence.
- AIASL remains the dedicated handler for all aircraft operated by the Indian Defense forces, including at defence enclaves across India.
- AIASL has joined the IATA Ground Handlers Partnership (IATA GHP), associating itself with the global platform to enhance visibility among world airlines and non-schedule operators.
- AIASL actively participates in international ground handling conferences, promoting networking and exploring new business opportunities.
- AIASL is focused on strengthening its Security, HR, MMD, and IT departments by recruiting professionals to enhance operational efficiency.
- AIASL is in the process of establishing offices at major airports across India to solidify its position in the ground handling market and expand its customer base.
- AIASL is committed to meeting the service level agreement requirements for its client airlines, ensuring consistent and high-quality service delivery.
- The Ground Handling Operations Transformation Conclave aims to align AIASL's services with the evolving needs of client airlines, enhancing operational efficiency, and ensuring world-class service standards.
- The introduction of uniforms for AIASL employees is a significant step toward fostering professional grooming and excellence, promoting discipline, unity, and a cohesive identity across the organization.
- AIASL is dedicated to inculcating a safety-first culture, aiming to reduce ground handling incidents and prevent aircraft damage.
- Emphasis on functional training and continuous skill development is key to ensuring operational excellence across all levels of the workforce.
- AIASL is exploring opportunities to expand its ground handling services, including technical assistance and line maintenance, to better serve its client airlines.
- AIASL is implementing new IT products such as ERP systems, biometric attendance, and employee self-service (ESS) portals to streamline operations and enhance workforce management.
- The organization is evaluating the implementation of a payment gateway for non-scheduled airline operators, integrated within its new ERP system.
- AIASL is optimizing its workshops located at major base stations (BOM, MAA, CCU, COK, GOI, PNQ, ATQ), leveraging its skilled workforce to reduce maintenance costs.
- AIASL is planning the phased replacement of its aging Ground Handling Equipment, in alignment with board-approved CAPEX plans.
- AIASL is committed to supporting the government's drive for an eco-friendly environment at airports, in line with board approvals.
- AIASL is in the process of acquiring the Air India Unity Complex at Chennai Airport from AIAHL using internal revenues.

## 5. GOING CONCERN

The Company has earned net profit since 2012-13 which has increased from Rs.5.06 million during 2012-13 to Rs.504.82 million (restated) during 2019-20. However, due to the COVID-19 situation, the Company has incurred a loss of Rs.1,900.28 million during FY 2020-21. During the current year, the company made a net profit after tax of Rs.771.05 million.

## 6. HUMAN RESOURCES

### Staff Strength

The number of staff inducted under various categories as on 31 March 2024 was 18448.

## 7. RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

## 8. INTERNAL CONTROL SYSTEMS

M/s Diwan Kunwariya & Co, Chartered Accountants, Delhi were appointed as Internal Auditors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and facilitate in optimum utilization of resources and protect the Company's assets for F.Y 2023-24.

## 9. ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENT, FOREIGN EXCHANGE CONSERVATION

The Company has always considered energy saving and technology absorption as an important goal and high priority has been accorded to the same during the year under review. Further, while procuring Ground Support Equipment, the company always tried to go for green initiatives, wherever possible. Further, the details pertaining to foreign exchange have been provided in the Directors' Report.

## 10. CORPORATE SOCIAL RESPONSIBILITY

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. As per the CSR provisions stipulated in the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2023-24. However, during the FY 2023-24, AIASL utilized its unutilized unspent CSR funds (unspent amount/funds of previous years i.e. until FY 2019-20) amounting to Rs. 6,25,07,941.86/- [5,38,90,383 + 8,617,558.86 (Interest)], in the manner as approved by the Board in their meetings held from time to time and finally in the 103rd Board Meeting dated 22.03.2024 and same has been certified by Chief Financial Officer of AIASL **(Certification of CFO on CSR funds utilization enclosed as Annexure -II A).**

Annual Report on CSR Activities for the F.Y 2023-24 is enclosed as **Annexure-II.**

## 11. CAUTIONARY STATEMENT

Statements made in Management Discussion and Analysis may be forward-looking statements. Actual results may differ materially from those expressed or implied. The discussions on the Business environment & industry scenario as also future outlook, wherever mentioned, is based on information and analysis available in print or electronic media, views expressed by experts and relied upon by the management. The important factors that could make a difference to what is stated, expressly or implied include economic conditions, domestic as well as global like demand and supply forces operating in the market, policies, rules, and regulation of government as amended from time to time including tax laws and other statues as well as other incidental factors having impact on the business environment.

**For & on behalf of the Board**
**Sd/-**
**Asangba Chuba Ao**
**Chairman**

**Place: New Delhi**
**Date : 03-01-2025**

# REPORT ON CORPORATE GOVERNANCE

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attain the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures, and enhance all stakeholders' value within the framework of laws and regulations.

## 2. BOARD OF DIRECTORS

AI Airport Services Limited (AIASL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited. Its Directors are appointed by the holding company / administrative ministry. The administrative ministry, i.e., The Ministry of Civil Aviation (MoCA), had reconstituted the Board of AIASL from time to time. Accordingly, the composition of the Board as on 31-03-2024 is given below:

**Board Of Directors as on 31st March, 2024**

| S. No. | Name of Director | Designation |
|---|---|---|
| 1. | Shri Asangba Chuba Ao<br>Chairman & Managing Director (CMD), AI Assets Holding Limited and Jt. Secretary (JS), Ministry of Civil Aviation | Chairman &<br>Nominee Director |
| 2. | Shri Padam Lal Negi<br>Jt. Secretary & Financial Adviser (JS&FA), Ministry of Civil Aviation | Nominee Director |
| 3. | Shri Rahul Jain<br>Joint Secretary, Department of Investment and Public Assets Management (DIPAM) | Nominee Director |
| 4. | Smt. Nayonika Dutta<br>Joint Director, Ministry of Civil Aviation | Nominee Director<br>(Woman Director) |

In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 12-12-2023, Shri Rahul Jain, Joint Secretary (JS), DIPAM, has been nominated on the Board of AIASL vice Smt. Parama Sen w.e.f. 12-12-2023. In view of this, the following changes took place on the Board of AIASL:

*Smt. Parama Sen ceased as Nominee Director from the Board of AIASL w.e.f. 12-12-2023 and Shri Rahul Jain appointed as the Nominee Director on the Board of AIASL w.e.f. 12-12-2023.*

Further, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 02-02-2024, Shri Asangba Chuba Ao, Joint Secretary (JS), MoCA, has been nominated on the Board of AIASL vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024. In view of this, the following changes took place on the Board of AIASL:

*Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman from the Board of AIASL w.e.f. 01-01-2024. Further, AIASL Board vide its Resolution by circulation having Ref. No. APP 60 dated 05-02-2024 had nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AIASL w.e.f. 01-01-2024 and passed the requisite resolution on 05-02-2024 till any further instruction from the MoCA/Holding Company.*

Further, in pursuance of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08.02.2024 issued by MoCA regarding the constitution of the Board of subsidiaries of AIAHL inter alia AIASL, considering the requirement of one-woman director in the Board of every company as per Companies Act and to ensure that quorum is available for the functioning of the Board, the Boards of Subsidiaries of AIAHL are reconstituted and the below change took place on the Board of AIASL:

*Smt. Nayonika Dutta, Joint Director, MoCA had been appointed as Nominee Director on the Board of AIASL from the date she obtains Director Identification Number i.e. 12.02.2024.*

Thereafter, in terms of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 14-05-2024 read with OM dated 08-02-2024 and order dated 26-02-2024 issued by MoCA, the following changes took place on the Board of AIASL:

*Shri Rahul Jain ceased as Nominee Director from the Board of AIASL w.e.f. 14-05-2024. Further, AIASL Board vide its Resolution by circulation having Ref. No. App.61 dated 30-05-2024 had appointed Shri Shobhit Gupta w.e.f. 25-05-2024 and Dr. Alok Pande w.e.f. 16-05-2024 as the Nominee Director(s) on the Board of AIASL (i.e. from the dates they have obtained their respective Director Identification Number) and passed the requisite resolution on 30-05-2024. Also, Shri Asangba Chuba Ao, being CMD-AIAHL(as per the OM dated 14-05-2024 read with OM dated 26-02-2024), holds only one position as Nominee Director on the Board of AIASL w.e.f. 14-05-2024 and continued to be the Chairman, in his ex-officio capacity, on the Board of the Company, for Board and General Meetings till any further communication from MoCA/AIAHL.*

The Board placed on record its appreciation for the valuable services rendered by Shri Satyendra Kumar Mishra as Chairman, Smt. Parama Sen and Shri Rahul Jain as Nominee Directors on the Board and Board Level Committees of the Company during their tenure.

## 3. DETAILS REGARDING THE BOARD MEETINGS, ANNUAL GENERAL MEETING, DIRECTORS' ATTENDANCE THEREAT, DIRECTORSHIPS, AND COMMITTEE POSITIONS HELD BY THE DIRECTORS:

### BOARD MEETINGS

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

| | |
|---|---|
| 26th June, 2023 | (98th Meeting) |
| 19th July 2023 | (99th Meeting) |
| 15th September, 2023 | (100th Meeting) |
| 03rd November, 2023 | (101st Meeting) |
| 16th February, 2024 | (102nd Meeting) |
| 22nd March, 2024 | (103rd Meeting |

Particulars of Directors including their attendance at the Board / Shareholders' Meetings during the financial year 2023-24:

| Name of the Director | Academic Qualifications | Attendance out of 6 Board Meetings held during the year | Details of Directorships held in other Companies | Memberships held in Committees |
|---|---|---|---|---|
| Shri S. K. Mishra<br>Jt. Secretary, Ministry of Civil Aviation - Nominee Director<br>(From 02.02.2017 to 01.01.2024) | M.Tech (Applied Geology) M.A. (Public Policy), IRS (IT:1990) | 4 (Eligible to attend 4 meetings only) | **Chairman & Managing Director**<br>AI Assets Holding Limited w.e.f 01.03.2023<br><br>**Chairman**<br>AI Airport Services Limited w.e.f 01.03.2023,<br>AI Engineering Services Limited w.e.f 01.03.2023,<br>Hotel Corporation of India Limited w.e.f 01.03.2023 &<br>Alliance Air Aviation Limited w.e.f 01.03.2023<br><br>**Director**<br>AI Airport Services Limited w.e.f. 02.02.2017,<br>AI Engineering Services Limited w.e.f. 02.02.2017,<br>AI Assets Holding Limited w.e.f 22.01.2018 | **AI Airport Services Limited**<br>Chairman<br>Corporate Social Responsibility Committee<br><br>Member<br>Audit Committee<br>*CSR Committee<br>(**Shri. S.K Mishra was the member of CSR Committee before 14.03.2023)*<br><br>**AI Engineers Services Limited**<br>Chairman<br>Corporate Social Responsibility Committee<br><br>Member<br>Audit Committee<br><br>**Alliance Air Aviation Limited**<br>Chairman<br>HR Committee<br>Flight Safety Committee<br><br>Member<br>Audit Committee |

| | | | | |
|---|---|---|---|---|
| | | | | **AI Assets Holding Limited**<br>Chairman<br>Nomination & Remuneration Committee<br>Member<br>Audit Committee |
| Smt. Parama Sen, Additional Secretary, DIPAM (From 11th February 2022 to 12th December 2023) | MSC Physics, IA&AS (1994) | 2 (Eligible to attend 4 meetings only) | **Director**<br>AI Airport Services Limited,<br>AI Engineering Services Limited,<br>AI Assets Holding Limited &<br>National Financial Holdings Limited | **AI Airport Services Limited**<br>Member<br>Audit Committee<br>CSR Committee<br>**AI Engineering Services Limited**<br>Member<br>Audit Committee<br>CSR Committee<br>**AI Assets Holding Limited**<br>Member<br>Nomination and Remuneration Committee |
| Shri Padam Lal Negi (From 18th January 2023) | IDAS 1992 | 6 | **Director**<br>AI Airport Services Limited,<br>AI Engineering Services Limited,<br>AI Assets Holding Limited,<br>Pawan Hans Ltd.,<br>Indian Renewable Energy Development Agency Limited (IREDA),<br>Solar Energy Corporation of India Ltd. (SECI) &<br>Airport Authority of India ( Part-Time Director) | **AI Airport Services Limited**<br>Chairman<br>Audit Committee<br>Member<br>CSR Committee<br>**AI Engineering Services Limited**,<br>Chairman<br>Audit Committee<br>Member<br>CSR Committee<br>**AI Assets Holding Limited**<br>Chairman<br>Audit Committee |

| | | | | |
|---|---|---|---|---|
| Shri Rahul Jain (From 12th December 2023 to 14th May 2024) | CA, M.Com, IAS | 2 (Eligible to attend 2 meetings only) | **Director**<br>AI Airport Services Limited,<br>AI Engineering Services Limited,<br>AI Assets Holding Limited,<br>ITC Limited &<br>National Financial Holdings Company Limited | **AI Airport Services Limited**<br>Member<br>Audit Committee<br>CSR Committee<br><br>**AI Engineering Services Limited**<br>Member<br>Audit Committee<br>CSR Committee<br><br>**AI Assets Holding Limited**<br>Member<br>Nomination & Remuneration Committee;<br>Stakeholders Relationship Committee<br><br>**National Financial Holdings Company Limited**<br>Member<br><br>Body of persons acting as Administrator /Board of Advisors |
| Shri Asangba Chuba Ao (From 1st January 2024) | MA (Eng Litt.) & M A (Pub. Adm), IAS | 2 (Eligible to attend 2 meetings only) | **Chairman& Managing Director**<br>AI Assets Holding Limited w.e.f 01.01.2024 | **AI Airport Services Limited**<br>Chairman<br>Corporate Social Responsibility Committee |

| | | | | |
|---|---|---|---|---|
| | | | **Chairman**<br>AI Airport Services Limited w.e.f 01.01.2024,<br>AI Engineering Services Limited w.e.f 01.01.2024<br>Alliance Air Aviation Limited w.e.f 01.01.2024<br>Hotel Corporation Of India Limited w.e.f 01.01.2024<br><br>**Director**<br>AI Airport Services Limited,<br>AI Assets Holding Limited,<br>AI Engineering Services Limited,<br>Pawan Hans Ltd.,<br>Rohini Heliport Limited,<br>Alliance Air Aviation Limited (w.e.f. 18.01.2023) | Member<br>Audit Committee<br><br>**AI Engineering Services Limited**<br>Chairman<br>Corporate Social Responsibility Committee<br><br>Member<br>Audit Committee<br><br>**Alliance Air Aviation Limited**<br>Chairman<br>Audit Committee<br><br>Member<br>Flight Safety Committee<br>HR Committee<br><br>**AI Assets Holding Limited**<br>Member<br>Stakeholder Relationship Committee,<br>Nomination & Remuneration Committee,<br>**Pawan Hans Limited**<br>Member<br>Nomination & Remuneration Committee |
| Smt. Nayonika Dutta ( From 12th February 2024) | Master's Degree in Economics | 2 (Eligible to attend 2 meetings | **Director**<br>AI Airport Services Limited,<br>AI Engineering Services Limited,<br>Alliance Air Aviation Limited | NIL |

## 4. BOARD PROCEDURE

The meetings of the Board of Directors were generally held at the registered office of the Company via Video Conferencing (VC)/ physical mode or at the corporate office of Holding Company. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings are prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend the inclusion of any matter on the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to committees of the Board set up for the purpose.

## 5. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

## 6. BOARD COMMITTEES

### AUDIT COMMITTEE

As part of the Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Company initially constituted the Audit Committee of the Board in November 2014 and reconstituted the same on 13th December 2017. Further, post disinvestment of Air India Limited (the then Holding Company), the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

As on 31 March 2024, the following were the Members, in their ex-officio capacity, of the Audit Committee:

| **Particulars of Director** | **Position held in the Committee** |
|---|---|
| Shri Padam Lal Negi, JS&FA, MoCA | Chairman |
| Shri Asangba Chuba Ao,<br>CMD, AIAHL & JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM | Member |

**The terms of reference of this Committee are:**

- To recommend for appointment, remuneration and terms of appointment of auditors of the company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;

- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the financial statements and the auditors' report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

**Meetings of the Audit Committee**

The Audit Committee had met Six times during the year to review various issues including inter alia Financial Statement of the Company for the year before submission to the Board, as per details given below:

| | |
|---|---|
| 26th June, 2023 | (38th Meeting) |
| 19th July, 2023 | (39th Meeting) |
| 15th September, 2023 | (40th Meeting) |
| 03rd November, 2023 | (41st Meeting) |
| 16th February, 2024 | (42nd Meeting) |
| 22nd March, 2024 | (43rd Meeting) |

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the requirements of the Companies Act 2013, the Board initially constituted a CSR Committee on 23rd May 2016. Further, post disinvestment of Air India Limited (the then holding company), the Board of AIASL was reconstituted by the Ministry of Civil Aviation (MoCA) vide its several OM's issued from time to time and consequentially the Board had reconstituted the Board Committees inter-alia CSR Committee from time to time in compliance with the applicable provisions.

As of 31st March 2024, the CSR Committee comprises of:

| Particulars of Director | Position held in the Committee |
|---|---|
| Shri Asangba Chuba Ao<br>CMD, AIAHL & JS, MoCA | Chairman |
| Shri Padam Lal Negi<br>JS&FA, MOCA | Member |
| Shri Rahul Jain<br>JS, DIPAM | Member |

**Meetings of the CSR Committee**

The CSR Committee met four times during the year to review various issues related to the CSR Budget, CSR Activities, etc. as per the details given below:

| | |
|---|---|
| 26th June, 2023 | (18th Meeting) |
| 15th September, 2023 | (19th Meeting) |
| 16th February, 2024 | (20th Meeting) |
| 22nd March, 2024 | (21st Meeting) |

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

| AGM/EGM Number | Date and time of the Meeting | Venue | Special Business |
|---|---|---|---|
| 18th AGM | 30th November 2021 at 1130 hrs | 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037 | Yes |
| 18th AGM (Adjourned) | 14th December 2021 at 1100 hrs | 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037 | No |
| 3rd EGM | 14th day of January, 2022 | 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037 | Yes |
| 19th AGM | 30th December 2022 at 1130 hrs | 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037 | Yes |
| 20th AGM | 12th December 2023 at 1200 hrs | 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037 | Yes |

- M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

## 7. DISCLOSURES AND STATUTORY COMPLIANCES: -

Adequate Disclosures pertaining to Director's interest, related party transactions, and maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments, and appointments have been made in a time-bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the previous three financial years 2021-22, 2022-23 and 2023-24. The DPE has also awarded 'Excellent' grading to AIASL for compliance of DPE Corporate Governance Guidelines during FYs 2020-21and 2021-22. The rating from DPE for F.Y 2022-23 and 2023-24 is awaited.

## 8. CEO/CFO DECLARATION:

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before, the Audit Committee and Board Meeting and forms part of this report.

**For & on behalf of the Board**

**Sd/-**
**Asangba Chuba Ao**
**Chairman**

**Place: New Delhi**
**Date : 03-01-2025**

## CODE OF CONDUCT

## DECLARATION

Pursuant to DPE guidelines on Corporate Governance for CPSEs, all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct, as adopted by the Board of Directors, for the year ended 31st March, 2024.

**Place: Delhi**
**Date: 03-01-2025**

**Sd/-**
**(Rambabu Ch.)**
**Chief Executive Officer**
**AI Airport Services Limited**

## TO WHOMSOEVER IT MAY CONCERN

We, Rambabu Ch. , Chief Executive Officer and Sandeep Malhotra , Chief Financial Officer of AI Airport Services Limited (hereinafter "the Company"), do hereby certify that:

1. We have reviewed the financial statements for the financial year 2023-2024 and that to the best of our knowledge and belief:

a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

3. We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.

4. We indicate to the Auditors:

a) Significant changes in internal control over financial reporting during the year;

b) Significant changes in accounting policies during the year;

5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2024.

**For AI Airport Services Limited**

**Sd/-**
**Sandeep Malhotra**
**Chief Financial Officer**
**PAN: AFWPM3559B**

**Sd/-**
**Rambabu Ch.**
**Chief Executive Officer**
**PAN: AGVPC9371P**

**Date: 03-01-2025**
**Place: New Delhi**

Annexure I

## AI AIRPORT SERVICES LIMITED (FORMERLY KNOWN AS AIR INDIA AIR TRANSPORT SERVICES LIMITED) CSR POLICY

### A. Background

The Companies Act, 2013 introduced the concept of Corporate Social Responsibility (CSR). In terms of the provisions of this Act, w.e.f. 1 April 2014 every Company, Private Limited or Public Limited, which has a net worth of Rs.500 crores or a turnover of Rs.1000 crores or net profit of Rs.5 crores has to spend at least 2% of its average net profit for the immediately preceding three financial years on CSR activities. The CSR activities should not be undertaken in the normal course of business and must be with respect to any of the activities mentioned in Schedule VII of the Act. The Companies (CSR Policy) Rules, 2014 place down the framework and modalities of carrying out CSR activities.

### B. Definitions:

In this Policy unless the context otherwise requires:

1. **"Act"** means the Companies Act, 2013 and rules made thereunder.
2. **"Administrative overheads"** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme;
3. **"Corporate Social Responsibility (CSR)"** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:
    1. Activities undertaken in pursuance of normal course of business of the company:
    2. Any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;
    3. Contribution of any amount directly or indirectly to any political party under section 182 of the Act;
    4. Activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

5. Activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and

6. Activities carried out for fulfilment of any other statutory obligations under any law in force in India.

4. **"CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;

5. **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

6. **"Net Profit"** means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

   1. Any profit arising from any overseas branch or branches of the company' whether operated as a separate company or otherwise;

   2. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act.

7. **"Ongoing Project"** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced, and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification;

*Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.*

## C. Objective and CSR Vision:

The main objective of the CSR Policy is to lay down guidelines for AI Airport Services Limited (AIASL) to make CSR as one of the areas which focus on making a positive contribution to society through high-impact, sustainable programs.

This Policy shall be read in line with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (including amendments therein, if any, existing and forthcoming, as the case may be) and such other rules, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following:

- Establishing a guideline for compliance with the applicable provisions to dedicate a percentage of the Company's profits for social projects / CSR activities; and
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.

## D. Scope of CSR Activities:

The Policy recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit the community at large by one or more of the following focus areas as specified in Schedule VII of the Act:

i. Eradicating hunger, poverty, and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swach Bharat Kosh set up by the Central Government for the promotion of sanitation and making available safe drinking water;

ii. Promoting education, including special education and employment enhancing vocation skills, especially among children, women, elderly, and the differently abled, and livelihood enhancement projects;

iii. Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

iv. Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

v. Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

vi. Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependent including widows;

vii. Training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

viii. Contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).]

ix. Rural development projects; and

x. Slum area development.

Explanation - For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

xii. Disaster management, including relief, rehabilitation and reconstruction activities.]

The Company would select and undertake CSR activities out of the themes listed in Schedule VII (as listed above) of the Companies Act, 2013 as amended from time to time. The themes in the scope of CSR Policy must be interpreted liberally so as to capture the essence of the subject enumerated in Schedule VII of the Act.

Any modification in Schedule VII of the Act or directions from Department of Public Enterprises (DPE) or the Ministry of Finance (MoF) shall also deemed to have been incorporated (wherever the same shall be mandatory) in the scope of CSR policy of the Company from the date of such changes, if any, being notified by the Government.

## E. CSR Committee:

The CSR Committee shall be constituted as per the provisions of Section 135 of the Companies Act, 2013 who shall meet as and when required to discuss and review the CSR activities and policy. The quorum of CSR Committee shall be two members present in the meeting.

## F. Responsibility of CSR Committee:

- Formulate and recommend to the Board, a CSR Policy including amendments therein, if any, in the areas or subjects specified in Schedule VII;
- Monitor the Policy from time to time and recommend changes to the Board;
- Recommend the amount of expenditure to be incurred on CSR projects/ activities; and
- Constitute a transparent monitoring mechanism for ensuring effective and efficient implementation of the CSR projects.

## G. CSR Working Committee

Members of CSR Working Committee shall be:

i. Chief Executive Officer — Chairman
ii. Chief Financial Officer/Chief of Finance
iii. Chief HR Officer/Chief of Personnel
iv. Company Secretary

The above-mentioned CSR Working Committee shall be headed by the Chief Executive Officer of the Company.

The roles and responsibilities of the CSR Working Committee include:

- Review the proposals for CSR projects / programs / activities received from various locations and put up before the CSR Committee for deliberation, consideration and recommendation to the Board for approval.

## H. Responsibility of the Board of Directors:

- Approving the CSR Policy as recommended by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit;
- Ensuring that in each financial year, the Company spends at least 2% (or any threshold prescribed by MCA and even above that threshold) of the average net profit* of the Company made during the three immediately preceding financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder;

  *Average Net Profit shall be calculated in accordance with provisions of Section 198 of the Companies Act, 2013 and rules made thereunder.
- Ensuring that every financial year, funds committed by the Company for CSR activities are utilized effectively;
- Ensuring that activities included by the Company in its CSR policy are related to the areas or subjects specified in Schedule VII of the Act;
- Ensuring that activities included by the Company are in line with the Guidelines issued by the Department of Public Enterprises (DPE) on annual theme for CSR activities;
- Disclosing in its Annual Return the names of CSR Committee members, the content of CSR Policy and ensure annual reporting of its CSR activities on the Company's website and comply with any other stipulations as may be introduced by MCA and Department of Public Enterprises (DPE) or the Ministry of Finance (MoF) at any given point of time.
- Ensuring that the preference shall be given to the local area around its operations for spending the amount earmarked for CSR projects. (However, the Ministry of Corporate Affairs (MCA) vide clarification issued in August 2021, had clarified that the preference to local in the Act is only directory and not mandatory. Therefore this responsibility can be interpreted liberally).

## I. Annual spends/Allocation of Funds:

a. The Company would spend not less than 2% of the Average Net Profits of the Company made during the three immediately preceding financial years. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

b. The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee, each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year. An annual action plan in pursuance of its CSR policy, which shall include the following, namely: -

(i) The list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(ii) The manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(iii) The guidelines issued by the Department of Public Enterprises (DPE) on annual theme for CSR activities;

(iv) The modalities of utilisation of funds and implementation schedules for the projects or programmes;

(v) Monitoring and reporting mechanism for the projects or programmes; and

(vi) Details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that the Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

**J. Administration/Implementation of CSR Projects**

(1) The Board shall ensure the CSR activities are undertaken by the company itself or through: -

(a) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(b) A company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(c) Any entity established under an Act of Parliament or a State legislature; or

(d) A company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

(2) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

(3) The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

(4) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

(5) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period."

## K. Monitoring & Reporting of CSR Activities

a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head;

b. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of the cost incurred and the result achieved on a regular basis;

c. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area;

d. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis;

e. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder; and

f. Company will establish an accounting system to ensure proper accounting of CSR spends.

## L. Conclusion:

The Board of Directors on the recommendation of CSR Committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

Annexure II

## AI AIRPORT SERVICES LIMITED
## (FORMERLY KNOWN AS AIR INDIA AIR TRANSPORT SERVICES LIMITED)

### Annual Report on CSR
### Financial Year 2023-24

**1. Brief outline on CSR Policy of the Company.**

- AI Airport Services Limited (AIASL) aims to contribute positively to society through sustainable and impactful initiatives in compliance with Section 135 of the Companies Act, 2013, and related regulations. The policy ensures proper procedures and transparent reporting of CSR activities.
- The Board of Directors of the Company have adopted a CSR Policy, which recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit community at large by one or more focus areas in line with the themes listed in Schedule VII of the Companies Act.
- To ensure effective implementation of the CSR programmes undertaken at each work center, a monitoring mechanism will be put in place by the work center head.
- The company will establish an accounting system to ensure proper accounting of CSR spends
- A brief outline of the Company's CSR Policy including an overview of projects or programs proposed to be undertaken can be viewed on the website of the Company i.e. www.aiasl.in.

**2. Composition of CSR Committee:**

| Sl. No. | Name of Director | Designation / Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year |
|---|---|---|---|---|
| 1. | *Shri S.K Mishra | Chairman *(Ceased to be Chairman w.e.f 01.01.2024)* | 4 | 2 ( Eligible to attend 2 meetings only) |
| 2. | *Shri Asangba Chuba Ao | Chairman (*Chairman w.e.f 01.01.2024)* | 4 | 2 ( Eligible to attend 2 meetings only) |
| 3. | Smt. Parama Sen | Member *(Member from 11.02.2022 to 12.12.2023)* | 4 | 0 (Eligible to attend 2 meetings only) |
| 4. | Shri Rahul Jain | Member *(Member from 12.12.2023)* | 4 | 2 ( Eligible to attend 2 meetings only) |
| 5. | Shri. Padam Lal Negi | Member | 4 | 4 |

* In pursuance of the OM dated 02.02.2024 issued by the MoCA, the CSR Committee of AIASL was reconstituted by the AIASL Board on 5th February 2024 by passing a Circular Resolution bearing No.60, in compliance with the provisions of Section 135 of the Companies Act, 2013, the Rules made thereunder and the guidelines formulated by the Department of Public Enterprises, whereby Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman on the Board of AIASL and Shri Asangba Chuba Ao, CMD-AIAHL & Joint Secretary, MoCA, had been appointed as Nominee Director on the Board of AIASL w.e.f. 01.01.2024; in addition he has become the Chairman of the CSR Committee w.e.f. 01.01.2024.

**3. Provide the web link where the Composition of the CSR committee, CSR Policy, and CSR projects approved by the board are disclosed on the website of the company:**

| S.No | Particulars | Weblink |
|---|---|---|
| 1. | Composition of CSR Committee | https://www.aiasl.in/csr.aspx |
| 2. | CSR Policy | https://www.aiasl.in/csr.aspx |
| 3. | Project approved by the Board | https://www.aiasl.i n/csr.aspx |

4. **Provide the details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy)Rules, 2014, if applicable (attach the report):**

Not Applicable.

5. **Details of the amount available for setoff in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, and amount required for setoff for the financial year, if any:**

Not Applicable

**6. Average net profit of the company as per section 135(5): Nil**

**7. (a) Two percent of the average net profit of the company as per section 135(5): Nil**

**(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years: Rs.86,17,558.86/-** ***(Interest earned on Rs.5,38,90,383/- (unspent CSR fund of previous years i.e. until FY 2019-20) by keeping the said unspent CSR funds in FDs till 28.03.2024).***

**(c) Amount required to be set off for the financial year, if any: Not Applicable**

**(d) Total CSR obligation for the financial year (7a+7b-7c): Rs.86,17,558.86/-**

**8. (a)* CSR amount spent or unspent for the financial year:**

| Total Amount Spent for the Financial Year. (in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | The amount transferred to any fund specified under Schedule VII as per the second proviso to section 135 (5). | | |
| | Amount | Date of Transfer | Name of the Fund | Amount | Date of Transfer |
| | | | | | |

*(1) This is an exceptional case, where during the FY 2020-21 AIASL transferred its unspent CSR fund (accumulated CSR funds of previous years i.e. untill FY 2019-20) amounting to Rs.5,38,90,383/- towards Indira Gandhi Rashtriya Uran Akademy (IGRUA) for providing scholarships for obtaining Commercial Pilot Training to Economical Weaker Section of Society. During FY 2021-22, no progress was noted in the said ongoing project due to the advent of COVID and other unavoidable reasons. Consequently, during FY 2022-23, the said project was amended/modified in the Board Meeting held on 02.08.2022 based on IGRUA's request. According to the amended project, IGRUA was required to utilize the said CSR funds for the procurement of trainer aircraft, and in lieu of this IGRUA shall extend free-of-cost CPL training to 7 candidates from economically weaker sections of society.

Further, after completing FY 2022-2023, the CSR funds were still lying unutilized with IGRUA. On the backdrop of unutilized money lying in IGRUA Account in the form of FD, AIASL opened an Unspent CSR Account and transferred the CSR unutilized funds (with a surplus) amounting to Rs.5,96,68,779/- (Rs.5,38,90,383+ Rs.57,78,396) from IGRUA Account to Unspent CSR Account of AIASL on 29.04.2023.

(2) Further, as intimated by IGRUA, they could not procure the trainer aircraft since only one bidder participated in the bid which necessitated approval from the Ministry of Civil Aviation, IFD section and so much so the aircraft manufacturer who participated in the bid recently faced numerous issues, resulting casualty. However, IGRUA started imparting Pilot training from August 2023 onwards to 7 no. of EWS candidates selected by IGRUA and brought forward the sensitive issue that if these candidates are not continued to provide training, then it may become a national issue.

(3) The matter was put up before the CSR and Board Meeting and accordingly the Board in its 103rd Board Meeting dated 22nd March, 2024 given the following directions:

*(i) To modify once again the current ongoing Project from "Procuring Trainer Aircraft using AIASL CSR Fund (in lieu of which IGRUA was required to impart free of cost training to 7 EWS candidates using IGRUA's internal fund) to its original/amended request of "absorbing the total cost for the completion of Commercial Pilot Training (CPL) and type rating training for 7 EWS Candidates" and enabling IGRUA continue to impart free of Cost complete Pilot training (including type rating, boarding & lodging, etc.,) i.e. by delinking the procurement of trainer aircraft.*

*(ii) To transfer the complete cost of Pilot training (including type rating, boarding & lodging expense, etc.) for 7 EWS candidates amounting to. Rs.5,93,28,500/- to IGRUA on or before 31.03.2024.*

*(iii) To transfer the remaining balance amount out of the fixed deposit proceeds (about Rs.29/- Lacs plus any other receipts/refund of the amount from the Bank, if any,) to the Prime Minister's National Relief Fund on or before 30.04.2024.*

(4) In view of the directions given by the Board the following actions were taken:

*(i) Transfer of complete cost of Pilot training as an advance fee/scholarship (including type rating, boarding & lodging expense, etc.) for 7 EWS candidates amounting to. Rs.5,93,28,500/- to IGRUA on 28.03.2024.*

*(ii) Transfer the remaining balance amount out of the fixed deposit proceeds i.e. Rs.31,79,441.86 to the Prime Minister's National Relief Fund on 28.03.2024*

**(b) * Details of CSR amount spent against ongoing projects for the financial year :**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the project. | Item from the list of activities in Schedule vII to the Act. | Local area (Yes/ No). | Location of the project. | | project duration. | the amount allocated for the project (in rs.). | Amount spent in the current financial Year (in rs.). | Amount transferred to Unspent cSr Account for the project as per Section 135(6) (in rs.). | mode of Implemen-tation | mode of Implemen-tation through Implementing Agency | |
| | | | | State. | District. | | | | | | Name | CSR registra-tion number. |
| | | | | | | | | | | | | |

*(1) This is an exceptional case, where during the FY 2020-21 AIASL transferred its unspent CSR fund (accumulated CSR funds of previous years i.e. untill FY 2019-20) amounting to Rs.5,38,90,383/- towards Indira Gandhi Rashtriya Uran Akademy (IGRUA) for providing scholarships for obtaining Commercial Pilot Training to Economical Weaker Section of Society. During FY 2021-22, no progress was noted in the said ongoing project due to the advent of COVID and other unavoidable reasons. Consequently, during FY 2022-23, the said project was amended/modified in the Board Meeting held on 02.08.2022 based on IGRUA's request. According to the amended project, IGRUA was required to utilize the said CSR funds for the procurement of trainer aircraft, and in lieu of this IGRUA shall extend free-of-cost CPL training to 7 candidates from economically weaker sections of society. Further, after completing FY 2022-2023, the CSR funds were still lying unutilized with IGRUA. On the backdrop of unutilized money lying in IGRUA Account in the form of FD, AIASL opened an Unspent CSR Account and transferred the CSR unutilized funds (with a surplus) amounting to Rs.5,96,68,779/- (Rs.5,38,90,383+ Rs.57,78,396) from IGRUA Account to Unspent CSR Account of AIASL on 29.04.2023.

(2) Further, as intimated by IGRUA, they could not procure the trainer aircraft since only one bidder participated in the bid which necessitated approval from the Ministry of Civil Aviation, IFD section and so much so the aircraft manufacturer who participated in the bid recently faced numerous issues, resulting casualty. However, IGRUA started imparting Pilot training from August 2023 onwards to 7 no of EWS candidates selected by IGRUA and brought forward the sensitive issue that if these candidates are not continued to provide training, then it may become a national issue.

(3) The matter was put up before the CSR and Board Meeting and accordingly the Board in its 103rd Board Meeting dated 22nd March 2024 given the following directions:

(i) To modify once again the current ongoing Project from "Procuring Trainer Aircraft using AIASL CSR Fund (in lieu of which IGRUA was required to impart free of cost training to 7 EWS candidates using IGRUA's internal fund) to its original/amended request of "absorbing the total cost for the completion of Commercial Pilot Training (CPL) and type rating training for 7 EWS Candidates" and enabling IGRUA continue to impart free of Cost complete Pilot training (including type rating, boarding & lodging, etc.,) i.e. by delinking the procurement of trainer aircraft.

(ii) To transfer the complete cost of Pilot training (including type rating, boarding & lodging expense, etc.) for 7 EWS candidates amounting to. Rs.5, 93, 28,500/- to IGRUA on or before 31.03.2024.

(iii) To transfer the remaining balance amount out of the fixed deposit proceeds (about Rs.29/- Lacs plus any other receipts/refund of the amount from the Bank, if any,) to the Prime Minister's National Relief Fund on or before 30.04.2024.

(4) In view of the directions given by the Board the following actions were taken:

(i) Transfer of complete cost of Pilot training as an advance fee/scholarship (including type rating, boarding & lodging expense, etc.) for 7 EWS candidates amounting to. Rs.5, 93, 28,500/- to IGRUA on 28.03.2024.

(ii) Transfer the remaining balance amount out of the fixed deposit proceeds i.e. Rs.31,79,441.86 to the Prime Minister's National Relief Fund on 28.03.2024

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:**

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area(Yes/No). | Location of the project. | | Amount spent for the project (in Rs.). | Mode of implementation on Direct (Yes/No). | Mode of implementation-Through implementing agency. | |
| | | | | State | District. | | | Name. | CSR Registration number. |
| 1 | - | - | - | - | - | - | NA | NA | NA |

**(d) Amount spent in Administrative Overheads: Nil**

**(e) Amount spent on Impact Assessment, if applicable: Not Applicable**

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e): Unspent and Unutilized CSR Funds accumulated from Previous years i.e. until FY 2019-20 for an amount of Rs. 6,25,07,941.86/- were utilized during FY 2023-24.**

**(g) Excess amount for set off, if any: Nil**

| Sl.No. | Particular | Amount(inRs.) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section135(5) | - |
| (ii) | Total amount spent for the Financial Year | - |
| (iii) | Excess amount spent for the financial year[(ii)-(i)] | - |
| (iv) | Surplus arising out of the CSR projects or programs or Activities of the previous financial years, if any | Rs.86,17,558.86/- |
| (v) | Amount available for setoff in succeeding financial years [(iii)-(iv)] | - |

**9 (a) Details of Unspent CSR amount for the preceding three financial years:**

| Sl. No. | Preceding Financial Year | The amount transferred to Unspent CSR Account under section135 (6) (in Rs.) | Amount spent in the Reporting Financial Year (inRs.). | Amount transferred to any fund specified under Schedule VII as per section 13 if any. | | | The amount remaining to be spent in succeeding financial years. (in Rs.) |
|---|---|---|---|---|---|---|---|
| | | | | Name of the Fund | Amount (in Rs). | Date of transfer. | |
| 1 | 2020-21 | *Nil | - | | | | 5,38,90,383 |
| 2 | 2021-22 | *Nil | - | | | | 5,96,68,779 (5,38,90,383 +5778396) |
| 3 | 2022-23 | *Nil | 31,79,441.86 | Prime Minister's National Relief Fund | 31,79,441.86 | 28.03.2024 | - |

***Unspent and Unutilized CSR Funds accumulated from Previous years i.e. until FY 2019-20 for an amount of Rs. 6,25,07,941.86/- were utilized during FY 2023-24 in the following manner with the approval of the Board:***

*(i) Transfer of complete cost of Pilot training as an advance fee/scholarship (including type rating, boarding & lodging expense, etc.) for 7 EWS candidates amounting to. Rs.5, 93, 28,500/- to Indira Gandhi Rashtriya Uran Academy (IGRUA) on 28.03.2024 against the project started in FY 20-21.*

*(ii) Transfer the remaining balance amount out of the fixed deposit proceeds i.e. Rs.31,79,441.86 to the Prime Minister's National Relief Fund on 28.03.2024*

**(b) *Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

| (1) | (2) | (3) | (4) | (5) | (6) | (7) | (8) | (9) |
|---|---|---|---|---|---|---|---|---|
| Sl. No. | Project ID. | Name of the Project. | Financial Year in Which the project was commenced. | Project duration. | Total amount allocated for the project (in Rs.). | Amount spent on the project in the reporting Financial Year(in Rs). | Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | Status of the project Completed /Ongoing. |
| 1. | | Imparting Free of Cost Pilot Training to EWS candidate by IGRUA | 2020-21 | 3 years +1 year (year of Commencement of Project) | 5,38,90,383 | 5,93,28,500 | 5,93,28,500 | Completed |
| | **TOTAL** | | | | **5,38,90,383** | **5,93,28,500** | **5,93,28,500** | |

***Unspent and Unutilized CSR Funds accumulated from Previous years i.e. until FY 2019-20 for an amount of Rs. 6,25,07,941.86/- were utilized during FY 2023-24 in the following manner with the approval of the Board:***

*(i) Transfer of complete cost of Pilot training as an advance fee/scholarship (including type rating, boarding & lodging expense, etc.) for 7 EWS candidates amounting to. Rs.5, 93, 28,500/- to Indira Gandhi Rashtriya Uran Academy (IGRUA) on 28.03.2024, against the project started in FY 20-21.*

*(ii) Transfer the remaining balance amount out of the fixed deposit proceeds i.e. Rs.31,79,441.86 to the Prime Minister's National Relief Fund on 28.03.2024.*

**10. In case of the creation or acquisition of capital asset, furnish the details relating to the assets created or acquired through CSR spent in the financial year (asset-wise details): NA**
**(a) Date of creation or acquisition of the capital asset(s).**

NA

**(b) Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.:**

NA

**(c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):**

NA

**(d) Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5):**

As per the CSR provisions stipulated in the Companies Act, 2013, AIASL was not required to spend any fresh CSR Contributions during FY 2023-24.

For AI Airport Services Limited

**Sd/-**
**Asangba Chuba Ao**
**Chairman of CSR Committee**

**Sd/-**
**Rambabu Ch.**
**Chief Executive Officer**

**Sd/-**
**Sandeep Malhotra**
**Chief Financial Officer**

**Annex IIA**

**CFO Certificate under Companies CSR Rules**

Date: 04th June, 2024

**To**
**The Board of Directors,**
**AI Airport Services Limited,**
**New Delhi**

**Sub: Certificate under Rule 4 of the Companies (Corporate Social Responsibility Policy) Rule 4(5)**

Dear Sirs/Madam,

1. I, Sandeep Malhotra, in my capacity as the Chief Financial Officer of AI Airport Services Limited (AIASL), hereby certify that the utilization of Corporate Social Responsibility (CSR) funds allocated for the Ongoing AIASL-IGRUA CSR Project has been disbursed as advance fees for training of 7 EWS candidates in line with approval of Board in compliance with the applicable regulations and guidelines as prescribed in the Companies Act, 2013 read with CSR Rules and the General Circular No 14/2021 dated 25.08.2021 as per the directions of the Board of Directors of AIASL.

2. An amount of Rs.5,93,28,500/-[Rs.5,38,90,383+ Rs.54,38,117 (interest)], representing the complete cost of Pilot training, including type rating, boarding & lodging expenses, etc., for the 7 EWS candidates, was transferred to IGRUA on 28.03.2024, as per the revised project scope as approved by Board in meeting dated 22.03.2024 and IGRUA has been directed to provide AIASL the quarterly utilization certificate duly certified by a Practicing Chartered Accountant, duly certifying the utilization of our advance funds transferred to them in the prescribed manner as per the said project and in line with confirmation from IGRUA of utilization of said CSR funds vide letter ref IGRUA:DO:2024: dated 19th March, 2024 along with projected cost breakup for fund utilization as committed by IGRUA.

3. The remaining balance amount from the fixed deposit proceeds, amounting to Rs.31,79,441.86/-, was transferred to the Prime Minister's National Relief Fund on 28.03.2024, in accordance with the recommendations of the CSR Committee and the Board.

4. As per the Board decision, IGRUA being a Government established Flying Training Organisation (FTO) shall be responsible for completing the pilot training in all respect as per their curriculum and accordingly the complete advance fees has been transferred to IGRUA and accordingly AIASL has completed its CSR Project after transferring advance fees of complete pilot training to 7 EWS Candidates, who have already started their training, however the training tenure depend upon so many factors therefore ensuring the completion of training shall remain the responsibility of IGURA. In this respect an undertaking dated [19th March, 2024] has been received from IGRUA, confirming their responsibility to complete the pilot training in all respects as per their curriculum and in terms of projected cost breakup for fund utilization as committed by IGRUA.

5. Given above facts, I, hereby certify that the Unspent CSR funds amounting to Rs. 6,25,07,941.86/-(5,38,90,383 + 8,617,558.86 (Interest)), has been utilised in the manner as approved by the Board in their meetings held from time to time and finally in the meeting dated 22.03.2024:

| S.No | Particular | Amount | Date of Transfer |
|---|---|---|---|
| 1. | AIASL-CSR-IGRUA- Ongoing Project | Rs.5,93,28,500/- (Rs.5,38,90,383+ Rs.54,38,117* (interest)) *Interest (part) earned on Rs.5,38,90,383/- by keeping the fund in FDs by IGRUA and AIASL till 28.03.2024. | 28.03.2024 |
| 2. | Transfer to Prime Minister's National Relief Fund (Remaining Unspent CSR Amount) | *Rs.31,79,441.86/- Interest (part) earned on Rs.5,38,90,383/- by keeping the fund in FDs by IGRUA and AIASL till 28.03.2024. | 28.03.2024 |

*Further, to ensure proper utilization of CSR funds in terms of Board Directions, IGRUA shall submit a quarterly certificate duly certified by a Chartered Accountant (CA), confirming the utilization of the advance fee transferred by AIASL for training the pilots in accordance with the IGRUA curriculum. This certification process will provide additional check.*

***Sd/-***
**Sandeep Malhotra**
**Chief Financial Officer**

**Annexure-III**

**FORM NO. AOC-2**

[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies Accounts Rules, 2014).

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered during the year ended March 31, 2024, which were not at arm's length basis.

**2. Details of contracts or arrangements or transactions at arm's length basis.**

All contracts /arrangements/transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2023-24 were on an arm's length basis, in the ordinary course of business, which were duly approved by the 99th Board Meeting of the Company held on 19th July 2023. The details of Contracts or arrangements or transactions at arm's length basis are as follows":

| Name of Related Party and Nature of Relation | Nature of Transaction | Duration of transaction | Salient Terms of Transaction | Amount in Millions |
|---|---|---|---|---|
| AI Assets Holding Limited Holding Company | Revenue from Operation | 01.04.2023-31.03.2024 | | |
| | Manpower services | | Revenue | 1.02 |
| | Expenditure | | | |
| | Reimbursement of cost | | Expenditure | 5.63 |
| | Interest on outstanding payable | | Expenditure | 39.07 |
| Alliance Air Aviation Limited (AAAL) (subsidiary of AI Assets Holding Limited)* | Revenue from Operation | 01.04.2023-31.03.2024 | | |
| | Ground handling revenue | | Revenue | 269.97 |
| | Supply of manpower services | | Revenue | 0.25 |
| | Interest on outstanding recoverable | | Revenue | 114.95 |
| | Expenditure | | | |
| | SOD | | Expenditure | 4.42 |

| | | | | |
|---|---|---|---|---|
| AI Engineering Services Limited(subsidiary of AI Assets Holding Limited)* | Revenue from Operation | 01.04.2023-31.03.2024 | | |
| | Manpower services/ cabin cleaning | | Revenue | 139 |
| | Interest on outstanding recoverable | | Revenue | 2.02 |
| | Expenditure | | | |
| | Provision for Head Set | | Expenditure | 34.53 |
| | | | | |
| Hotel Corporation of India Limited (Subsidiary of same of AI Assets Holding Limited) | Expenditure | 01.04.2023-31.03.2024 | | |
| | Staff hotel expenses | | | 5.68 |
| | Festive expenses | | | 0 |
| | Event expenses | | | 0 |

For & on behalf of the Board

**Sd/-**
**Asangba Chuba Ao**
**Chairman**

**Place: New Delhi**
**Date : 03-01-2025**

## SECRETARIAL AUDIT REPORT

For The Financial Year Ended March 31, 2024
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**AI Airport Services Limited**
(Formerly known as Air India Air Transport Services Limited)
2nd Floor, GSD Building, Air India Complex, Terminal-2,
IGI Airport, New Delhi-110037
CIN: U63090DL2003PLC120790

**We report that:**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AI Airport Services Limited** (Formerly known as Air India Air Transport Services Limited) (hereinafter referred as 'the Company')] having its registered office at 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi-110037. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

**Company's Responsibilities**

The Company's Management and Board of Directors are responsible for the maintenance of secretarial record under the Companies Act, 2013 and compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards. Further the Company's management and the Board of Directors are also responsible for establishing and maintaining adequate systems and process, commensurate with the size and operations of the Company to identify, monitor and ensure compliances with the applicable laws, rules, regulations and guidelines.

**Auditor's Responsibilities Statement**

Our responsibility is only to examine and verify those compliances on a test basis and express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Limitations**

Due to the inherent limitations of an audit including internal, financial and operating controls, there is an unavoidable risk that some Misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Secretarial Auditing Standards as prescribed by Institute of Company Secretaries of India (ICSI).

Further, we conducted the secretarial audit by examining the secretarial records including minutes, documents, registers, other records and returns related to the applicable laws on the Company etc. received via electronic means. The management has confirmed that the records submitted to us are the true and correct. We have also relied upon representation given by the management of the Company for certain areas which otherwise requires physical verification.

**Basis of Opinion**

We have followed the audit practices, secretarial auditing standards and processes as were applicable and appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification in some cases was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion. We also believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Report on Secretarial Records and Compliances thereof**

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company **AI Airport Services Limited [(Formerly known as Air India Air Transport Services Limited)** for the financial year ended on March 31, 2024 according to the applicable provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; **Not Applicable**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; (Not applicable to the company during the Audit Period): **Not Applicable**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): **Not Applicable**

(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 [Not applicable to the company during the Audit Period];
(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not applicable to the company during the Audit Period];
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client [Not applicable to the company during the Audit Period];
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not applicable to the company during the Audit Period];
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not applicable to the company during the Audit Period]; and (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(vi) Other laws applicable specifically to the Company namely:

a) The DPE Guidelines.
b) The Competition Act, 2002.
c) The Right to Information Act, 2005;
d) Air Corporations Act, 1953
e) Airports Authority of India Act, 1994

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to conducting board and general meetings.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, standards, etc. mentioned above subject to the following observation:

a. *As per DPE guidelines the Time gap between two board meetings is more than three months.*

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that the compliance by the Company of applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed in this Audit since the same have been subject to review by statutory financial audit by other designated professional.

We further report that during the audit period there were no specific events / corporate actions in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

**Date : 10.08.2024**
**Place: New Delhi**

**For Amit Agarwal & Associates**
**(Company Secretaries)**

**Sd/-**
**CS Amit Agrawal**
**Partner**
**CP No. 3647, MNo.5311**
**UDIN: F005311F000947703**

This report is to be read with my letter of even date which is annexed as an **"Annexure-A"** and forms an integral part of this report.

**ANNEXURE- A**

To,
The Members,
**AI Airport Services Limited**
(Formerly known as Air India Air Transport Services Limited)
2nd Floor, GSD Building, Air India Complex, Terminal-2,
IGI Airport, New Delhi-110037
CIN: U63090DL2003PLC120790

My Secretarial Audit Report of even date is to be read along with this letter:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I have followed, provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, I have obtained the management representations about the compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. My examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability nor of the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

**Date : 10.08.2024**
**Place: New Delhi**

**For Amit Agrawal & Associates**
**(Company Secretaries)**

**Sd/-**
**CS Amit Agrawal**
**Partner**
**CP No. 3647, MNo.5311**
**UDIN: F005311F000947703**

## MANAGEMENT REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR FOR FY 2023-24

| Sl. No. | Audit Observations | Management Reply |
|---|---|---|
| A | As per DPE guidelines, the time gap between two board meetings is more than three months. | This is a statement of fact.<br><br>The time gap between the two meetings exceeded 3 months' time in the 4th quarter (i.e. January-March, 2024) as the meeting was held on 03.11.2023 in the 3rd quarter (i.e. October-December 2023) and the subsequent meeting was held on 16.02.2024.<br><br>The said meeting could not be conducted within 3 months' time i.e. on or before 01.02.2024 due to non-clarity on the Composition of the Board of Directors of AIASL. Further, the clarity on the Composition of the Board had been received on 02.02.2024, and accordingly, the Board Meeting was convened on 16.02.2024 |

*****

Galaxy S22 Ultra







AIASL
DEHRADUN



## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6) (b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF AI AIRPORT SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024

The preparation of financial statements of AI AIRPORT SERVICES LIMITED for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the companies act, 2013 (Act) is responsibility of the management of the company. The Statutory Auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 03.01.2025.

I, on behalf of the comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of AI AIRPORT SERVICES LIMITED for the Year ended 31 March 2024 under section 143(6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

**Place: New Delhi**
**Date: 07.03.2025**

**For on behalf of the**
**Comptroller and Auditor General of India**
**Sd/-**
**(Pramod Kumar)**
**Addl. Dy. CAG (Infrastruture)**

# INDEPENDENT AUDITORS' REPORT

**To**
**The Members of AI AIRPORT SERVICES LIMITED**
**Report on the Audit of the Financial Statements**

## Opinion

We have audited the accompanying financial statements of AI AIRPORT SERVICES LIMITED ("The Company"), which comprise the Balance Sheet as at March 31, 2024, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies and other explanatory information (hereinafter referred to as "financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

## Basis for Opinion

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

## Emphasis of Matter

1. We draw attention to Note 52 to the financial statements, M/s Uniq Data Solutions Private Limited (UDSPL), implementor of ERP accounting software (Odoo) has unilaterally suspended the ERP accounting software on 15th June, 2024 against which Company has filed the suit against M/s UDSPL (matter is under sub judice). Due to unavailability of ERP accounting software, Company has prepared its financials from the accounting data extracted from the said ERP on June 8, 2024 after passing closing entries.

2. We draw attention to Note 36 to the financial statements, the Company is charging interest at the rate of 9% p.a. on overdue balances of receivables in respect of group companies, namely, AI Engineering Services Limited (AIESL) and Alliance Air Aviation Limited (AAL). During the audit period, interest on overdue payments amounting to Rs.116.97 million has been booked as Interest on overdue payments of group companies under "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.

3. We draw attention to Note 7 to the financial statements, the Company has inventories consisting of stores and spares gross amounting to Rs. 22.50 million (Provision of Rs. 2.94 million has been made for obsolescence of such inventories). These inventories were transferred from Air India Limited and AI 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.

4. We draw attention to Note 44 to the financial statements, the Company has provided interest amounting to Rs. 39.07 million at the rate of 9% p.a. to AI Assets Holding Limited (AIAHL) on average of outstanding balance payable. We have relied on management contention that such interest amount is actually payable to AIAHL after invoice raised by AIAHL.

5. We draw attention to Note 32 to the financial statements, amounts receivables and payables to the various parties are subject to confirmation and reconciliation.

6. We draw attention to Note 30 to the financial statements, the Company has corrected prior period errors by restating the affected financial statements line items for the prior year.

Our opinion is not modified in respect of above matters.

**Information Other than the Financial Statements and Auditors' Report Thereon**

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon. The annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained during the course of our audit, or otherwise appears to be materially misstated.

When we read the other information comprising the above documents, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charge with governance and take necessary actions as applicable under the relevant law and regulation.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The 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 of these financial statements that give a true and fair view of the state of affairs, profit and loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act.

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.
The Board of Directors of the company are also responsible for overseeing the Company's financial Reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate,makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 financial statements.

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

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

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

**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 in terms of Section 143(11) of the Act, we give in "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, based on our audit we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company except for the matters stated in para 2(h)(vi) below on reporting under rule 11(g) of the Companies (Audit and Auditor's) rule 2015 and the point no. 1 of "Emphasis of Matter".

(c) The Balance sheet, the Statement of Profit and Loss including other comprehensive income, the statement of changes in equity and the statement of cash flows dealt with by this report are in agreement with the books of account available with management. As disclosed in Note 52 to the financial statements, the books of accounts available with the management were extracted from the ERP accounting Software.

(d) In our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) In pursuance to the Notification No. G.S.R 463 (E) dated 5 June, 2015 issued by the Ministry of Corporate Affairs, sub-section (2) of section 164 of the Act pertaining to disqualification of the directors, is not applicable to the Company, since it is a Government Company.

(f) As per notification number G.S.R. 463 (E) dated 5 June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure-B".

(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:

i) The Company has disclosed the impact of pending litigations on its financial position in its financial statement. Refer Note 28 to the financial statements.

ii) The Company 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 Company.

iv) a. The Management has represented that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise,

that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

b. The Management has represented, that, to the best of it's knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

c. Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v) No dividend has been declared or paid during the year by the company.

vi) Based on our examination, the company, w.e.f April 1, 2023, has used an accounting ERP software "Odoo" developed by Ms. Uniq data Solutions Private Limited (who was also responsible for handling the back-end IT support for the said ERP software), for maintaining its books of account. As represented to us by the management, audit trail feature of the said software was enabled and operated throughout the year, however due to the fact that the said ERP software was suspended as disclosed in Note 52 of the financial statements and in absence of audit trail control report we are unable to verify and comment whether audit trail feature of the said software was enabled and operated throughout the year for all relevant transactions recorded in the software or whether there were any instances of the audit trail feature been tampered with.

As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable from April 1, 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 on preservation of audit trail as per the statutory requirements for record retention is not applicable for the financial year ended March 31, 2024.

3. As required by Section 143(5) of the Act and as per directions issued by Comptroller and Auditor General of India, the actions taken thereon and its impact on the accounts and financial statements ofthe Company, refer to our separate report in "Annexure C".

**For Bansal & Co. LLP**
**Chartered Accountants**
**Firm's Registration No. 001113N/N500079**

**Sd/-**
**CA Amit Kumar Singh**
**Partner**

**Membership No.532180**

**UDIN: 2532180BMIYVJ1477**

**Place : New Delhi**
**Date : 03-01-2025**

## ANNEXURE A TO THE INDEPENDENT AUDITORS' REPORT

**(Referred to in "Paragraph-1" under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of AI AIRPORT SERVICES LIMITED of even date)**

I. In respect of the Company's Property, Plant and Equipment and Intangible Assets:

(a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangibles assets.

(b) Property, Plant and Equipment have not been physically verified by the management during the year hence, we are unable to comment on the discrepancies.

(c) The Company does not own any immovable properties, therefore paragraph 3 (i) (c) of the said order is not applicable to the company.

(d) The company has not revalued its' Property, Plant and Equipment or intangible assets during the year therefore paragraph 3(i)(d) of the said order is not applicable to the company.

(e) No proceedings have been initiated or pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii. (a) According to the information & explanation given to us, inventory has been physically verified by management during the year, In our opinion the coverage and the procedure of such verification by the management is appropriate. Discrepancies of 10% or more in aggregate for each class of inventory were not noticed on such physical verification conducted by the Company.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned working capital limit in excess of 5 Crores, in aggregate from banks and financial institutions on the basis of security of current assets, therefore paragraph3(ii)(b) of the said order is not applicable to the company.

iii. With respect to investments made, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties:

(a) According to the information and explanation given to us during the year, Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to companies, firms, Limited Liability Partnerships or any other parties. therefore, paragraph3(iii)(a) of the said order is not applicable to the company.

(b) According to the information and explanation given to us during the year,Company has not made investments, provided guarantees, provided security and granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. therefore, paragraph 3(iii)(b) of the said order is not applicable to the company.

(c) According to the information and explanation given to us during the year, Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. therefore, paragraph 3 (iii) (C) of the said order is not applicable to the company.

(d) According to the information and explanation given to us during the year, Company has not granted loans or advances in the nature of loans to companies, firms, Limited Liability Partnerships or any other parties. therefore, paragraph 3 (iii)(d) of the said order is not applicable to the company.

(e) According to the information and explanation given to us during the year, company has not granted loans or advance in the nature of loan granted to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(e) of the Order is not applicable to the Company.

(f) According to the information and explanation given to us during the year ,Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Accordingly, paragraph 3 (iii)(f) of the said order is not applicable to the company

iv. According to the information and explanations given to us and on the basis of our examination of the records, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 of the Companies Act, 2013 and the Company has not made any investments or provided any guarantee or security as specified under Section 186 of the Companies Act, 2013. Accordingly, paragraph 3 (iv) of the said order is not applicable to the company.

v. The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, paragraph 3 (v) of the said order is not applicable to the company.

vi. The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie,the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

vii. (a) According to information and explanations given to us and our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax, Duty of Customs, Cess and any other statutory dues applicable to it. According to the information and explanations given to us and based on audit procedures performed by us, the undisputed amounts payable in respect of the above were in arrears as at March 31, 2024 for a period of more than six months from the date on which they become payable, are as follows:

| Name of statute | Nature of dues | Amount in Million | Period to which amount relates | Date of payment |
|---|---|---|---|---|
| Provident Fund Act, 1952 | Provident fund | 35.38 | FY 2022-23 | Not paid |
| Employee State Ins, 1948 | ESIC | 5.12 | FY 2022-23 | Not paid |
| Professional Tax | Professional tax | 4.52 | Earlier years and FY 2022-23 | Not paid |

(b) According to the records of the Company, there are no dues referred to in sub-clause (a) above as at 31st March 2024, which have not been deposited with the appropriate authorities on account of any dispute, except as mentioned below:

| Name of the statute | Nature of Dues | in Million | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income tax and interest | 19.18 | AY 2013-14 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax | 6.60 | AY 2017-18 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax | 6.29 | AY 2017-18 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax | 5.40 | AY 2017-18 | NFAC |
| Income Tax Act, 1961 | Income tax | 80.76 | AY 2018-19 | CIT (Appeals) |
| Income Tax Act, 1961 | Income tax and Interest | 200.25* | AY 2020-21 | CIT (Appeals) |
| Goods and Service Tax Act, 2017(Maharashtra) | Goods and Service Tax and Interest | 526.89 | FY 2017-2020 | First Appellate Authority |
| Goods and Service Tax Act, 2017(RAJASTHAN) | Goods and Service Tax and Interest | 1.40 | FY 2017-2020 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (GOA) | Goods and Service Tax and Interest | 13.24 | FY 2017-2018 | First Appellate Authority |
| Goods and Service Tax Act, 2017(KERALA) | Penalty | 5.71 | FY 2018-2019 | First Appellate Authority |
| Goods and Service Tax Act, 2017(Bihar) | Goods and Service Tax and Interest | 1.95 | FY 2018-2019 | First Appellate Authority |
| Goods and Service Tax Act, 2017(Bihar) | Goods and Service Tax and Interest | 1.14 | FY 2017-18 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Bihar) | Goods and Service Tax and Interest | 31.18 | FY 2020-21 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Delhi) | Goods and Service Tax and Interest | 7.96 | FY 2017-21 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Karnataka) | Goods and Service Tax and Interest | 0.40 | FY 2018-19 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Punjab) | Goods and Service Tax and Interest | 29.48 | FY 19-21 | First Appellate Authority |

| | | | | |
|---|---|---|---|---|
| Goods and Service Tax Act, 2017 (Tamil Nadu) | Goods and Service Tax and Interest | 37.26 | FY 2018-19 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Tamil Nadu) | Goods and Service Tax and Interest | 138.15 | FY 2019-20 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Uttar Pradesh) | Goods and Service Tax and Interest | 51.49 | FY 2019-20 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (West Bengal) | Goods and Service Tax and Interest | 1.12 | FY 2018-19 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (West Bengal) | Goods and Service Tax and Interest | 84.13 | FY 2019-20 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Assam) | Goods and Service Tax and Interest | 5.45 | FY 2018-19 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Chandigarh) | Goods and Service Tax and Interest | 0.001 | FY 2018-19 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Chhattisgarh) | Goods and Service Tax and Interest | 0.22 | FY 2019-20 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Chhattisgarh) | Goods and Service Tax and Interest | 0.27 | FY 2020-21 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Odisha) | Goods and Service Tax and Interest | 11.50 | FY 2019-20 | First Appellate Authority |
| Goods and Service Tax Act, 2017 (Maharashtra) | Goods and Service Tax and Interest | 6.73 | FY 2020-22 | First Appellate Authority |

* ₹ 82.65 million amount has been deposited as self-assessment tax on October 16, 2021.

viii. According to the information and explanations given to us and on the basis on our examination of the records of the Company, the Company has not surrendered or disclosed any transaction, previously unrecorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

ix. (a) The Company did not have any outstanding loans or borrowings or interest thereon due to any lender during the year. Accordingly, the requirement to report on clause ix(a) of the Order is not applicable to the Company.

(b) In our opinion and according to the information and explanations given to us,the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company did not have any term loans outstanding during the year hence, the requirement to report on clause (ix) (C) of the Order is not applicable to the Company.
(d) The Company did not raise any funds during the year hence, the requirement to report on clause (ix)(d) of the Order is not applicable to the Company.

(e) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) of the Order is not applicable to the Company.

(f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on Clause 3(ix)(f) of the Order is not applicable to the Company.

x. (a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(b) During the year the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence reporting under paragraph 3 (x) (b) of the said order is not applicable to the company.

xi. (a) According to the information and explanation given to us and based on our examination, we report that no fraud by the Company or on the Company has been noticed or reported during the year.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle-blower complaints received during the year by the Company.

xii. The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order is not applicable to the Company.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

xiv. a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.

b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

xv. In our opinion during the year the Company has not entered into any non-cash transactions with its directors or persons connected with director's and hence reporting under paragraph 3 (xv) of the said order is not applicable to the Company.

xvi. a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act,1934. hence reporting under paragraph 3 (xvi)(a) of the said order is not applicable to the Company.

b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable to the Company.

c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi) (C) of the Order is not applicable.

d) There is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi) of the Order is not applicable to the Company.

xvii. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not incurred any cash losses during the financial year covered by our audit and in the previous financial year.

xviii. There has been no resignation of the statutory auditors during the year. Accordingly, requirement to report under paragraph 3 (xviii) of the said order is not applicable to the company.

xix. According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.

xx. The provision of Section 135 of the Companies Act, 2013 relating to expenditure to be done on CSR activities is not applicable to the company as the average net profits of the last three years are negative owing to losses incurred in financial year 2020-21.

xxi. There is no subsidiary, associate, or joint venture of the Company, therefore consolidation of accounts not applicable to the company therefore paragraph 3 (xxi) of the said order is not applicable to the company.

**For Bansal & Co. LLP**
**Chartered Accountants**
**Firm's Registration No. 001113N/N500079**

**Sd/-**
**CA Amit Kumar Singh**
**Partner**

**Membership No.532180**

**UDIN: 2532180BMIYVJ1477**

**Place : New Delhi**
**Date : 03-01-2025**

## ANNEXURE – 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AI AIRPORT SERVICES LIMITED

Report on the Internal Financial Controls over financial reporting 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 AIRPORT SERVICES LIMITED ("the Company") as of March 31, 2024, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on Audit of Internal financial control 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 the 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on audit of Internal financial controls over financial reporting (the "Guidance Note") and the standards on auditing as specified 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 Institute of Chartered Accountants of India. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate Internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for

external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with the 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; (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.

**Inherent Limitations of Internal Financial Controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to 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 over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2024:

(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 Audit of Internal Financial Controls over Financial Reporting issued by ICAI for critical processes are not in place.

(ii) Authorization controls such as maker/checker controls in accounting and billing 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 property, plant & equipment 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) Wise Cargo software to account cargo handling and APEDA (Agricultural and Processed Food Products Export Development Authority) and ERP Accounting Software are not integrated.

(e) MBS software to raise invoices for IATA and ERP Accounting Software are not integrated.

(f) No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipments & Others)

(g) Records of procurement of material by MMD are not fully automated and maintained manually.

(h) Records of Ramp Assistance Form (RA Forms) issued are not fully automated and maintained manually.

(i) Due to suspension of ERP Accounting Software, the depreciation is calculated in excel.

(j) Non restoration of the suspended ERP accounting software led to IT controls not being tested.

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, based on the effect of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has not maintained adequate and effective internal financial controls over financial reporting as of March 31, 2024, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

**For Bansal & Co. LLP**
**Chartered Accountants**
**Firm's Registration No. 001113N/N500079**

**Sd/-**
**CA Amit Kumar Singh**
**Partner**
**Membership No.532180**
**UDIN: 2532180BMIYVJ1477**

**Place : New Delhi**
**Date : 03-01-2025**

## ANNEXURE-C TO THE INDEPENDENT AUDITOR'S REPORT

We have examined the books of Accounts of AI AIRPORT SERVICES LIMITED, for the year ended 31st March, 2024 and we are submitting our comments based on direction issued by Comptroller and Audit General of India, according to best our information and explanation given to us by management and as appears from the examination of books of accounts and records maintained, as under.

**Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of AI AIRPORT SERVICES LIMITED for the year 2023-24 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013**

| S. No. | Directions | Auditor's Remark |
|---|---|---|
| 1. | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the Integrity of the accounts along with the financial implications, if any, may be stated. | The Company has system for accounting transactions through IT system. However, on 15.06.2024 M/s Uniq Data Solutions Private Limited (UDSPL), implementor of accounting ERP accounting software had suspended the ERP accounting software which has not been restored till the signing of the audit report.<br>Due to unavailability of ERP accounting software,Company has prepared its financials after passing closing entries to the Trial Balance extracted from the ERP on 8th Jun, 2024 along with completeledger accounts.<br>It has been observed that adequacy of design of information technology (IT) general and application controls that prevent the information system from<br>providing complete and accurate information consistent with financial reporting objectives needs to be strengthened.<br>We refer our remarks given in our separate Report in "Annexure B" - Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of sub-section (3) of Section 143 of the Act for further details. |

| | | |
|---|---|---|
| 2. | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? .(In case, lender is a Government Company then this direction is also applicable for statutory auditor of lender company) | According to the information and explanations given to us, this clause is not applicable to the company for the FY 2023-24. |
| 3. | Whether funds (grants/subsidy etc.) received/ receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | According to the information and explanations given to us, this clause is not applicable to the company for the FY 2023-24 |

## MANAGEMENT REPLIES TO THE AUDITOR'S REPORT ON THE FINANCIAL STATEMENT OF AI AIRPORT SERVICES LIMITE D FOR THE FINANCIAL YEAR 2023-24

### STATUTORY AUDITOR'S REPORT

| Sr. No. | Point of Qualification | Management Reply |
|---|---|---|
| | Emphasis of Matter | |
| 1. | We draw attention to note 52 to the financial statement, M/s Uniq data solution private limited (UDSPL), implementer of ERP accounting software (Odoo) has unilaterally suspended the ERP accounting software on 15th 2024 against which company has filed the suit against M/s UDSPL as per the contract entered with UDSPL (matter is under sub judice).Due to unavailability of ERP accounting software. Company has prepared its financials From the accounting data extracted on June 8, 2024 after passing closing entries. | This is a statement of fact. |
| 2. | We draw attention to the note 36 to the Financial Statements, the company is charging interest at the rate of 9% p.a on overdue balance receivables in respect of group companies, namely, AI Engineering Services Ltd (AIESL) and Alliance Air Aviation Limited (AAL). During the audit period, interest on overdue payments of group companies under "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. | The interest recoverable from AI Engineering Services Limited and Alliance Air Aviation Pvt. Ltd. on overdue balance is in terms of the MSA and has already been recovered from said Companies for past years and is fully recoverable for the year under audit as well. |
| 3. | We draw attention to Note 7 to finance statement, the company has inventories consisting of stores and spares gross amounting to Rs. 22.50 million ( provision of Rs. 2.94 million has been made for obsolescence of such inventories). These inventories are transferred from Air India Limited and AI 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 used and is at-least equal to the carrying value in the books based on the confirmation received from the used (technical) department of the company. | Our Technical team has confirmed that there is no diminishing in the value of stores and spares inventory which has been lying with us for over 3 years and hence inventory is being carried in the books at which it was transferred to us from AI.Further we have made a provision for the obsolescence of such inventories. |

| | | |
|---|---|---|
| 4. | We draw attention to Note 44 to the financial statements, the company has provided interest amounting to Rs.39.07 million at the rate of 9% p.a. to AI Assets Holding Limited (AIAHL) on average of outstanding balance payable. We have relied on management contention that such interest amount is actually payable to AIAHL after Invoice raised by AIAHL. | The interest has been provided in line with the MSA we have with other Group Companies. |
| 5. | We draw to Note 32 to the financial statements, amounts receivable and payables to the various parties are subject to confirmation and reconciliation. | We did sent to all the Third Party Airlines for Balance Confirmation as on 31.03.2024, however, except for few, none of the Airlines confirmed the balances, though, in the balance confirmation letter it was mentioned that if confirmation is not received by a specified date, it shall be taken as balance confirmed. We have obtained balance confirmation from, AI Engineering Services, Alliance Air and AI AHL, HCI, who are our group companies. |
| 6. | We draw attention to Note 30 to the financial statements, the company has corrected prior period errors by resting he affected financial statements line items for the prior year. | This is a statement of fact. |


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"Culture of Integrity for Nation's Prosperity"









# BALANCE SHEET AS AT MARCH 31, 2024

Amount in millions unless otherwise stated

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 (Restated)# |
|---|---|---|---|
| **Assets** | | | |
| **1. Non-current assets** | | | |
| (a) Property, plant and equipment | 2 (a) | 3,086.50 | 2,934.47 |
| (b) Intangible assets | 2 (b) | 2.12 | - |
| (c) Intangible assets under development | 2 (c) | 14.54 | 2.15 |
| (d) Financial assets | | | |
| (i) Other financial assets | 3 | 1,065.47 | 1,299.16 |
| (e) Income tax assets (net) | 4 | 649.98 | 487.68 |
| (f) Deferred tax assets (net) | 5 | 790.79 | 970.48 |
| (g) Other non-current assets | 6 | 16.71 | 23.74 |
| **Total non-current assets** | | **5,626.10** | **5,717.69** |
| **2. Current Assets** | | | |
| (a) Inventories | 7 | 19.56 | 22.97 |
| (b) Financial assets | | | |
| (i) Trade receivables | 8 | 5,437.94 | 4,071.44 |
| (ii) Cash and cash equivalents | 9 | 71.81 | 520.43 |
| (iii) Bank balances other than cash and cash equivalents (ii) above | 10 | 10.00 | 1.73 |
| (iv) Other financial assets | 11 | 48.73 | 100.96 |
| (c) Other current assets | 12 | 181.94 | 144.75 |
| **Total current assets** | | **5,769.97** | **4,862.28** |
| **Total assets** | | **11,396.06** | **10,579.97** |
| **Equity and liabilities** | | | |
| **1. Equity** | | | |
| (a) Equity share capital | 13 | 1,384.24 | 1,384.24 |
| (b) Other equity | 14 | 3,217.40 | 2,686.58 |
| **Total equity** | | **4,601.64** | **4,070.82** |
| **Liabilities** | | | |
| **2. Non-current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Other financial liabilities | 15 | 47.78 | 72.48 |
| (b) Provisions | 16 | 2,384.43 | 2,413.54 |
| **Total non-current liabilities** | | **2,432.21** | **2,486.02** |
| **3. Current liabilities** | | | |
| (a) Financial liabilities | | | |
| (i) Trade payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 17 | 10.56 | 2.30 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 17 | 2,328.28 | 1,619.33 |
| (ii) Other financial liabilities | 18 | 710.29 | 1,185.56 |
| (b) Provisions | 19 | 617.58 | 859.04 |
| (c) Other current liabilities | 20 | 695.50 | 356.89 |
| **Total current liabilities** | | **4,362.22** | **4,023.12** |
| **Total liabilities** | | **6,794.43** | **6,509.15** |
| **Total equity and liabilities** | | **11,396.06** | **10,579.97** |

Material accounting policies, key accounting estimates and judgements 1
See accompanying notes to the financials statements 2-55
# Refer note 30 for details regarding the restatement as a result of error or omission

**As per our report of even date attached**

**For Bansal & Co LLP**
**Chartered Accountants**
**Firm Registration No: 001113N/N500079**

**Sd/-**
**Amit Kumar Singh**
**Partner**
Membership No: 532180
UDIN: 25532180BMIYVJ1477

**Place: New Delhi**
**Date: 03-01-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN: 08086220

**Sd/-**
**Padam Lal Negi**
Director
DIN: 10041387

**Sd/-**
**Sandeep Malhotra**
Chief Financial Officer

**Sd/-**
**Rambabu Ch.**
Chief Executive Officer

On Sanctioned ML
**Shashi Bhadoola**
Company Secretary

# Statement of Profit and Loss for the year ended March 31, 2024

Amount in millions unless otherwise stated

| Particulars | Note No. | Year Ended March 31, 2024 | Year Ended March 31, 2023 (Restated)# |
|---|---|---|---|
| **1 Income** | | | |
| Revenue from operations | 21 | 8,426.17 | 8,944.73 |
| Other income | 22 | 333.61 | 378.25 |
| **Total income** | | **8,759.78** | **9,322.98** |
| **2 Expenses** | | | |
| Employee benefits expense | 23 | 5,958.11 | 5,161.82 |
| Finance costs | 24 | 81.76 | 149.21 |
| Depreciation and amortization expenses | 25 | 289.00 | 283.79 |
| Other expenses | 26 | 1,659.86 | 2,755.19 |
| **Total expenses** | | **7,988.73** | **8,350.01** |
| **3 Profit/ (Loss) before tax (1-2)** | | **771.05** | **972.97** |
| **4 Tax expenses** | 43 | | |
| (i) Current tax | | 187.09 | 235.77 |
| (ii) Short provision for tax relating to previous years | | - | - |
| (iii) Deferred tax | | 179.70 | 113.93 |
| **Total tax expenses** | | **366.79** | **349.70** |
| **5 Profit/(loss) after tax for the year (3-4)** | | **404.26** | **623.27** |
| **6 Other comprehensive income** | | | |
| **Items that will not be reclassified to profit or loss (net of tax)** | | | |
| - Remeasurement of employee benefits obligations | | 126.55 | (3.92) |
| **Total other comprehensive income** | | **126.55** | **(3.92)** |
| **7 Total comprehensive income/(loss) for the year (5+6)** | | **530.81** | **619.35** |
| **8** Earnings/(loss) per equity share (of ₹ 10/- each) | | | |
| (i) Basic | 27 | 2.92 | 4.50 |
| (ii) Diluted | 27 | 2.92 | 4.50 |

Material accounting policies, key accounting estimates and judgements 1
See accompanying notes to the financials statements 2-55
# Refer note 30 for details regarding the restatement as a result of error or omission

**As per our report of even date attached**

**For Bansal & Co LLP**
**Chartered Accountants**
**Firm Registration No: 001113N/N500079**

**Sd/-**
**Amit Kumar Singh**
**Partner**
Membership No: 532180
UDIN: 25532180BMIYVJ1477

**Place: New Delhi**
**Date: 03-01-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN: 08086220

**Sd/-**
**Padam Lal Negi**
Director
DIN: 10041387

**Sd/-**
**Sandeep Malhotra**
Chief Financial Officer

**Sd/-**
**Rambabu Ch.**
Chief Executive Officer

On Sanctioned ML
**Shashi Bhadoola**
Company Secretary

# Audited Statement of Changes in Equity for the year ended March 31, 2024

**Part A Equity Share Capital**

Amount in millions unless otherwise stated

| Balance as at April 1, 2023 | Changes in equity share capital during the period | Balance as at March 31, 2024 |
|---|---|---|
| 1,384.24 | - | 1,384.24 |

| Balance as at April 1, 2022 | Changes in equity share capital during the year | Balance as at March 31, 2023 |
|---|---|---|
| 1,384.24 | - | 1,384.24 |

**B Other equity**

| Particulars | Reserves & surplus | Other comprehensive income | Total |
|---|---|---|---|
| | Retained earnings | | |
| **Balance as at April 1, 2022** | **1,840.16** | **227.01** | **2,067.16** |
| Profit/ (Loss) for the period | 623.27 | - | 623.27 |
| Rounding off difference | 0.07 | - | 0.07 |
| Remeasurement of employee benefits obligations | - | (3.92) | (3.92) |
| **Balance as at March 31, 2023 (Restated)** | **2,463.49** | **223.09** | **2,686.58** |
| **Balance as at April 1, 2023** | **2,463.49** | **223.09** | **2,686.58** |
| Profit/ (Loss) for the period | 404.26 | - | 404.26 |
| Rounding off difference | - | - | - |
| Remeasurement of employee benefits obligations | - | 126.55 | 126.55 |
| **Balance as at March 31, 2024** | **2,867.76** | **349.64** | **3,217.40** |

# Audited Statement of Cash Flow for the year ended March 31, 2024

Amount in millions unless otherwise stated

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| **A. Cash flow from operating activities :** | | |
| Profit before tax | 771.05 | 972.97 |
| **Adjustments for** | | |
| Depreciation and amortisation expenses | 289.00 | 283.79 |
| Interest income on fixed deposits | (81.08) | (47.48) |
| Finance costs | 81.76 | 149.21 |
| Rounding off difference | - | 0.07 |
| Expected credit loss allowance/(reversal) | (527.40) | 750.06 |
| Loss on sale of duty credit entitlement under SEIS | 4.18 | - |
| Assets Written off | - | 14.46 |
| Provision for doubtful advances | 10.00 | 5.54 |
| Net unrealised exchange loss/(gain) | 24.39 | (25.16) |
| **Operating profit/(loss) before working capital changes** | **571.90** | **2,103.46** |
| **Adjustments for** | | |
| (Increase) / decrease in inventory | 3.42 | 36.17 |
| (Increase) / decrease in trade receivables | (863.49) | (1,297.00) |
| (Increase) / decrease in other current financial assets | 64.04 | (68.20) |
| (Increase) / decrease in other current assets | (47.18) | (111.72) |
| (Increase) / decrease in other non-current assets | 7.03 | (3.97) |
| Increase / (decrease) in provisions | (144.02) | 361.03 |
| Increase / (decrease) in trade payables | 616.35 | 27.81 |
| Increase / (decrease) in financial liabilities | (499.97) | 203.00 |
| Increase / (decrease) in other liabilities | 338.61 | 61.07 |
| Increase / (decrease) in non current finacial liabilities | - | |
| **Cash generated from operations** | **46.69** | **1,311.65** |
| Income taxes (paid)/refunded | (349.39) | (273.34) |
| **Net cash generated from operating activities (A)** | **(302.71)** | **1,038.32** |
| **B. Cash flow from investing activities :** | | |
| Purchase of property, plant & equipment, intangibles and intangibles under development | (398.73) | (54.32) |
| Interest income on fixed deposits | 65.09 | 15.85 |
| Investments in bank deposits | 225.43 | (1,230.07) |
| **Net cash used in investing activities (B)** | **(108.21)** | **(1,268.54)** |
| **C. Cash flow from financing activities :** | | |
| Finance costs | (37.71) | (25.52) |
| **Net cash used in financing activities (C)** | **(37.71)** | **(25.52)** |
| **Net increase / (decrease) in cash and cash equivalents (A+B+C)** | **(448.62)** | **(255.75)** |
| Cash and cash equivalents at the beginning of year | 520.43 | 776.18 |
| **Cash and cash equivalents at the end of year (refer note 9)** | **71.81** | **520.43** |

Material accounting policies, key accounting estimates and judgements 1
See accompanying notes to the financials statements 2-55

**Notes to Cash Flow Statement:**

1. The Cash Flow Statement has been prepared under the "Indirect Method" as set out in Ind AS 7 "Statement of Cash Flows".
2. Previous years figures have been regrouped wherever necessary.
3. Cash and cash equivalents includes fixed deposits amounting Rs 2.05 millions (Previous year Rs 1.93 millions) under lien.

**As per our report of even date attached**

**For Bansal & Co LLP**
**Chartered Accountants**
**Firm Registration No: 001113N/N500079**

**Sd/-**
**Amit Kumar Singh**
**Partner**
Membership No: 532180
UDIN: 25532180BMIYVJ1477

**Place: New Delhi**
**Date: 03-01-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN: 08086220

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**Padam Lal Negi**
Director
DIN: 10041387

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**Sandeep Malhotra**
Chief Financial Officer

**Sd/-**
**Rambabu Ch.**
Chief Executive Officer

On Sanctioned ML
**Shashi Bhadoola**
Company Secretary

## Notes forming part of the audited financial statements as on 31st March, 2024

### 1. A i) Corporate Information

AI Airport Services Limited (a wholly owned subsidiary of AI Asset Holding Limited a Government of India Company) is a public limited company incorporated in India under the provisions of the Companies Act applicable in India with a CIN: U63090DL2003PLC120790. The company had changed its name from Air India Transport Services Limited to AI Airport Services Limited in F.Y. 2019-20. The company mainly provides services of Ground Handling at Indian Airports to Airlines Operators.

The registered office of the company is situated at: 2nd Floor, GSD Building, Air India Complex, Terminal-2, IGI Airport, New Delhi - 110037.

ii) All the Indian Accounting standards issued and notified by the MCA under the companies (Indian Accounting Statndards) Rules, 2015 (as amended) till the Finacial Statement are authorized have been considered in preparing these finacial statements. The Financial Statements have been approved for issue in accordance with a resolution of the Board of directors passed in its meeting held on.

### B. Material Accounting Policies

The company has prepared these Financial Statements which comprise the Balance Sheet as at March 31, 2024, Statement of Profit and Loss and the Statement of Changes in Equity and Statement of Cash flow for the year ended as on that date, and accounting policies and other explanatory information (together hereinafter referred to as "Financial Statements").

#### i) Basis of Preparation & Presentation

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS), under the historical cost convention except for certain financial instruments measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Financial Statements within the scope of Ind AS 116, Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

• Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

• Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

• Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the Balance Sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**ii) Functional Currency**

Currency of the primary economic environment in which the Company operates ("the Functional Currency") is Indian Rupee (₹) in which the Company primarily generates and expends cash. Accordingly, the Management has assessed its functional currency to be Indian Rupee (₹) The Financial Statements are presented in Indian Rupee (₹) which is Company's Presentation and Functional currency and all amounts disclosed in the Financial Statements and Notes have been rounded off to the nearest Million (up to two decimal), unless otherwise stated.

**iii) Current and Non-Current Classification**

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

• it is expected to be realized in the Company's normal operating cycle. it is held primarily for the purpose of providing services;

• it is expected to be realized within 12 months after the reporting date; or

• it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

• it is expected to be settled in the Company's normal operating cycle;

• it is held primarily for the purpose of providing services;

• it is due to be settled within 12 months after the reporting date; or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as "The Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

**C. Recent Pronouncements**

There are no recent accounting pronouncements / Standards / Amendments which are yet to be effective as on March 31, 2024.

**D. Use of Estimates & Judgements**

Inherent in the application of many of the accounting policies used in preparing the IND AS Financial Statements is the need for Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

Key source of judgments, assumptions and estimation uncertainty in the preparation of the Financial Statements which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are mainly in respect useful lives of property, plant and equipment, depreciation/amortization, impairments, employee benefit obligations, provisions, provision for income tax, measurement of deferred tax assets, contingent assets and contingent liabilities etc.

**E. Property, Plant & Equipments (PPE):**

a) The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets and any expected costs of decommissioning. Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and loss in the year in which the costs are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in Statement of Profit and loss.

Property, plant and equipment except freehold land held for use in the providing services, supply or administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses, if any.

The Company had elected to continue with the carrying value for all of its property, plant and equipment as recognised in the Financial Statements on transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

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Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation is recognized so as to write off the cost of assets less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013. PPE of small value not exceeding INR 10,000, in each case, are fully provided for in the year of Purchase. The company has changed its capitalisation policy for PPE which is an accounting estimate of small value not exceeding INR 10,000 from current financial year, which has NIL financial impact in current financial year.

(in years)

| Asset | Useful life as per Companies Act, 2013 |
|---|---|
| Office equipment | 5 |
| Ramp equipments | 15 |
| Furniture & fixtures | 10 |
| Electrical fittings | 10 |
| Computers | 3 |
| Workshop equipments & instruments | 10 |
| Plant & machinery | 15 |
| Vehicles | 8 |

**Intangible Assets** **7***

* Useful life of Intangible asets is estimated on the basis of validity of software license.

b) Physical Verification of PPE is done on a rotational basis so that every asset is verified in every two years and the discrepancies observed in the course of the verification are adjusted in the year in which report is submitted.

c) Impairment of Property, plant and equipment

At the end of each reporting year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash- generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

**F. Inventories**

Inventories consist of various stores and spares which are valued at lower of cost and Net Realizable Value ('NRV'). Costs of inventories are determined on cost basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**G. Revenue Recognition**

Ind AS 115 addresses the recognition of revenue from customer contracts and impacts on the amounts and timing of the recognition of such revenue. The standard introduced a five-step approach to revenue recognition:

- Identifying the contract;
- identifying the performance obligations in the contract;
- determining the transaction price;
- allocating that transaction price to the performance obligations; and
- Finally recognizing the revenue as those performance obligations are satisfied.

**Rendering of Services**

The Company recognizes revenue when control over the promised services is rendered to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those services.

The Company recognises revenue generally at the point in time when the services are rendered to customer

a) Ground handling services are recognized when the services are provided. Un-billed services at the end of each financial year, based on available data, are estimated and are recognized as revenue.

b) Income from interest is recognized on a time proportion basis.

c) Other operating revenue is recognized when services rendered during the period.

In revenue arrangements with multiple performance obligations, the Company accounts for individual services separately if they are distinct – i.e. if a service is separately identifiable from other items in the arrangement and if a customer can benefit from it. The consideration is allocated between separate services in the arrangement based on their stand- alone selling prices.

**Contract balances**

**i) Contract assets**

A contract asset is the right to consideration in exchange for services rendered to the customer. If the company performs by rendering of services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration including Trade receivables.

**ii) Contract liabilities**

A contract liability is the obligation to render services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract including advance received from customer.

**iii) Refund liabilities**

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities at the end of each reporting period.

**H. Foreign Currency Transactions**

The functional currency of the company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the following rates

a) Interline settlement on account of IATA Clearing House (ICH) bills settlement is carried out at the exchange rate published by International Air Transport Association (IATA) for respective month.

b) At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI) and the gains / losses arising out of fluctuations in exchange rates are recognized in the Statement of Profit and Loss. However, due to unavailability of FEDAI rate as on end of reporting period, last available rate was considered as of 28th March,2024

**Deferred Tax**

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit.

c) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

**I. Leases**

**The Company as a Lessee:**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Leases as Lessee (Assets taken on lease) the Company applies a single recognition and measurement approach for all leases, except for short-term leases, leases of low-value assets and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

For the short-term, low-value leases and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease. Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The Company determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The Company has several lease contracts that include extension and termination options. The Company applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Company reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of these leases. Lease liabilities are remeasured with a corresponding adjustment to the related ROU asset if the Company changes its assessment of whether it will exercise an extension or a termination option.

**J. Government Grant**

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the period in which the Company recognises as expenses the related costs for which the grants are intended to compensate or when performance obligations are met.

Government Grants related to assets are presented in the Balance Sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

**K. Employee Benefits**

**Retirement benefit costs and termination benefits**

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions. The retirement benefits to the employees comprise of defined contribution plans and defined benefit plans.

**a) Defined contribution plans**

Defined contribution plan consists of contribution to Employees Provident Fund. The Company has Employees Provident Fund Trusts under the Provident Fund Act, 1925 for Permanent employees till 1st December' 2021. After that, trust has been dissolved and amount had been transferred to EPFO under Employees' Provident Fund Scheme, 1952. As regards Fixed Term Contract (FTC) employees, Provident Fund (PF) dues are deposited with the office of Employees' Provident Fund Organization (EPFO) by the Company.

There had been a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952. Employees' State Insurance Corporation (ESIC) dues are regularly deposited with government authorities. The company's payment to defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

**b) Defined benefit plans**

The Company's defined benefit plans, which are not funded, consist of Gratuity, Post-Retirement Medical Benefits and other benefits. For defined retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting year.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in "Other Equity" in the Statement of Changes in Equity and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

**Other Long-Term Employee Benefits**

In the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefits to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the Projected Unit Credit Method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

**Short Term Benefits**

Short Term Employee Benefits are accounted for in the period during which the services have been rendered.

**Short-term and other long-term employee benefit**

A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

## L. Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

### Current Tax

Current tax is the amount of expected tax payable based on the taxable profit for the period as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting year.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Deferred tax assets are recognized and carried forward to the extent that there is a virtual certainty based on operational and financial restructuring, revenue generation and cost reduction program of the company that the assets will be realized in the future.

### Current and deferred tax for the period

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

## M. Provisions, Contingent Liabilities / Capital Commitments & Contingent Assets

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the Statement of Profit and Loss

b) The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the Balance Sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

c) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

d) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

e) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

f) Onerous Contracts

An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

## N. Cash and Cash Equivalents

Cash and cash equivalent in the Balance Sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to insignificant risk of changes in value.

For the purpose of the Statement of Cash Flows, cash and cash equivalent consists of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

## O. Earning Per Share

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for treasury shares, bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares).

Diluted earnings per share is computed by dividing the profit / (loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares including the treasury shares held by the Company to satisfy the exercise of the share options by the employees.

**P. Financial Instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are recognized when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognized immediately in Statement of Profit and Loss.

**i) Financial Assets**

**a) Classification of Financial Assets**

On initial recognition, a financial asset is measured at amortized cost, fair value through other comprehensive income (FVTOCI) or FVTPL on the basis of the objective of its business model, applied for managing the financial assets and characteristics of the contractual cash flows.

**b) Recognition and initial measurement**

A financial asset is initially recognized at fair value and, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. Purchases and sales of financial assets are recognized on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. In case financial assets are not recorded at fair value through Statement of Profit and Loss, transaction costs are attributed to the acquisition of the financial asset.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces and accounting mismatch that would otherwise arise.

**c) Subsequent measurement**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated at FVTPL:

• The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of profit or loss. The net gain or loss recognized in statement of profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

• The Company's right to receive the dividends is established,

• It is probable that the economic benefits associated with the dividends will flow to the entity,

• The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

**d) Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

**e) Impairment of other financial assets**

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous year, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous year, the Company again measures the loss allowance based on 12-month expected credit losses.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognized in other comprehensive income and is not reduced from the carrying amount in the Balance Sheet.

**f) Effective interest method**

The effective interest method is a method of calculating the amortized cost of a debt instrument and of allocating interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter year, to the net carrying amount on initial recognition.

Income is recognized on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in statement of profit or loss and is included in the 'Other income' line item.

**g) Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**ii) Financial Liabilities**

**a) Classification**

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'

**b) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value. The Company's financial liabilities include trade and other payables.

**c) Subsequent measurement**

**Other financial liabilities:**

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

**d) De-recognition**

The Company de-recognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

**e) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously

**Q. Key sources of estimation uncertainty**

**Useful lives of property, plant and equipment:**

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. This reassessment may result in change in depreciation and amortization expected in future periods.

**Contingencies:**

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalizing or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognized. The cases which have been determined as remote by the Company are not disclosed.

Contingent assets are neither recognized nor disclosed in the Financial Statements unless when an inflow of economic benefits is probable.

**Fair value measurements:**

When the fair values of financial assets or financial liabilities recorded or disclosed in the Financial Statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

**Taxes:**

Pursuant to the announcement of the changes in the corporate tax regime, the Companies have an option to either opt for the new tax regime or continue to pay taxes as per the old applicable tax structure together with the other benefits available to the Companies including utilization of the MAT credit available. This requires significant estimation in determining in which year the company would migrate to the new tax regime basis future year taxable profits is including the impact of ongoing expansion plans of the Company and consequential utilization of available MAT credit. Accordingly, in accordance with IND AS 12 – Income Taxes, deferred tax assets and liabilities are required to be measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

## 2 (a). Property, plant and equipment

Amount in millions unless otherwise stated

| Particulars | Office equipm-ents | Ramp equipments | Furniture & fixture | Electrical fittings | Compu-ters | Workshop equipment & instruments | Plant & machinery | Vehicles | Total |
|---|---|---|---|---|---|---|---|---|---|
| **Gross carrying amount** | | | | | | | | | |
| Cost as at April 1, 2022 | 2.34 | 6,265.92 | 1.18 | 10.86 | 10.92 | 2.07 | 0.07 | 31.80 | 6,325.15 |
| Additions | 5.84 | 51.72 | - | - | 4.75 | - | - | 1.75 | 64.07 |
| Disposals | - | (270.61) | - | - | - | - | - | - | (270.61) |
| **Closing gross carrying amount** | **8.18** | **6,047.02** | **1.18** | **10.86** | **15.67** | **2.07** | **0.07** | **33.56** | **6,118.61** |
| **Accumulated Depreciation** | | | | | | | | | |
| Balance as at April 1, 2022 | 2.00 | 3,122.12 | 0.63 | 6.18 | 8.25 | 1.09 | 0.07 | 16.17 | 3,156.50 |
| Additions | 0.33 | 276.82 | 0.12 | 1.02 | 1.52 | 0.21 | - | 3.78 | 283.79 |
| Disposals | - | (256.15) | - | - | - | - | - | - | (256.15) |
| **Closing accumulated depreciation** | **2.33** | **3,142.78** | **0.74** | **7.20** | **9.76** | **1.29** | **0.07** | **19.96** | **3,184.14** |
| **Net carrying amount as at March 31, 2023** | **5.84** | **2,904.24** | **0.43** | **3.66** | **5.91** | **0.78** | **0.00** | **13.60** | **2,934.47** |
| **Gross carrying amount** | | | | | | | | | |
| Cost as at April 1, 2023 | 8.18 | 6,047.02 | 1.18 | 10.86 | 15.67 | 2.07 | 0.07 | 33.56 | 6,118.61 |
| Additions | 1.32 | 411.18 | 0.50 | - | 7.22 | 0.97 | - | 19.79 | 440.98 |
| Disposals | - | - | - | - | - | - | - | - | - |
| **Closing gross carrying amount** | **9.50** | **6,458.20** | **1.67** | **10.86** | **22.90** | **3.04** | **0.07** | **53.35** | **6,559.59** |
| **Accumulated Depreciation** | | | | | | | | | |
| Balance as at April 1, 2023 | 2.33 | 3,142.78 | 0.74 | 7.20 | 9.76 | 1.29 | 0.07 | 19.96 | 3,184.14 |
| Additions | 1.38 | 276.13 | 0.15 | 0.99 | 4.16 | 0.26 | (0.00) | 5.89 | 288.96 |
| Disposals | - | - | - | - | - | - | - | - | - |
| **Closing accumulated depreciation** | **3.72** | **3,418.92** | **0.89** | **8.19** | **13.92** | **1.55** | **0.07** | **25.85** | **3,473.10** |
| **Net carrying amount as at March 31, 2024*** | **5.79** | **3,039.28** | **0.78** | **2.67** | **8.97** | **1.49** | **0.00** | **27.51** | **3,086.50** |

*Refer note 33




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## 2 (b). Intangible Assets

| Particulars | Intangible |
|---|---|
| **Year ended March 31, 2024**<br>**Gross carrying amount** | |
| Cost as at April 1, 2023 | - |
| Additions | 2.16 |
| Disposals | - |
| **Closing gross carrying amount** | **2.16** |
| **Accumulated Depreciation** | |
| Balance as at April 1, 2023 | - |
| Additions | 0.04 |
| Disposals | - |
| **Closing accumulated depreciation** | **0.04** |
| **Net carrying amount as at March 31, 2024** | **2.12** |

## 2 (c). Intangible assets under development

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Intangible assets under development* | 14.54 | 2.15 |
| | **14.54** | **2.15** |

* New ERP is under implementation and accodingly proportionate cost paid has been capitalized in Intangible assets under development.

### Intangible assets under development aging schedule as on 31st March, 2024

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | 12.38 | 2.15 | - | - | 14.54 |
| Projects temporarily suspended | - | - | - | - | - |

### Intangible assets under development aging schedule as on 31st March, 2023

| Particulars | Amount in CWIP for a period of | | | | |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Projects in Progress | 2.15 | - | - | - | 2.15 |
| Projects temporarily suspended | - | - | - | - | - |

### 3. Other non-current financial assets

Amount in millions unless otherwise stated

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Security deposits* | 8.50 | 8.50 |
| Fixed Deposits more than 12 months | 1,056.97 | 1,290.00 |
| Recoverables from staff | - | 0.66 |
| | **1,065.47** | **1,299.16** |

* Security deposit has been given to Government company.

### 4. Income tax assets (net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance tax and TDS * | 649.98 | 487.68 |
| | **649.98** | **487.68** |

*net of provisions ₹ 2,172.93 millions (Prev Year ₹ 1,985.84 millions)

### 5. Deferred tax assets (net)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Deferred tax liabilities on account of (DTL)** | | |
| Depreciation | (210.99) | (189.84) |
| Total deferred tax liability | **(210.99)** | **(189.84)** |
| **Deferred tax asset on account of (DTA)** | | |
| Other tax disallowances | 1,001.78 | 1,160.32 |
| **Total deferred tax asset** | **1,001.78** | **1,160.32** |
| **Net deferred tax asset** | **790.79** | **970.48** |

### 6. Other non-current assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Recoverables from staff | 16.71 | 23.74 |
| | **16.71** | **23.74** |

### 7. Inventories

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Stores & spares * | 22.50 | 56.11 |
| Less: Provisions | (2.94) | (33.14) |
| | **19.56** | **22.97** |

* Valued at lower of cost or net realisable value

## 8. Trade receivables

Amount in millions unless otherwise stated

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Unsecured** | | |
| Considered good* | 4,060.85 | 2,662.98 |
| Undisputed having significant increase in credit risk | 1,232.02 | 1,759.42 |
| | **5,292.87** | **4,422.40** |
| Less: Allowance for expected credit loss | 1,232.02 | 1,759.42 |
| | 4,060.85 | 2,662.98 |
| Receivables from group companies | 1,377.08 | 1,408.46 |
| | **5,437.94** | **4,071.44** |

*Company has reclassified advances from trade receivables and has shown separately as gross.

Trade receivable ageing schedule

| As at March 31, 2024 | Outstanding for the following period from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| Particulars | Unbilled Dues | Less than 6 month | 6 month - 1 year | 1 -2 years | 2-3 years | More than 3 years | Total |
| Undisputed trade receivable - considered good | 1,191.89 | 2,564.58 | 584.29 | 905.14 | 379.17 | 612.20 | 6,237.25 |
| Undisputed trade receivable - which have significant increase in credit risk | | 0.04 | 41.33 | 157.73 | - | 233.60 | 432.70 |
| Undisputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivable - considered good | - | - | - | - | - | - | - |
| Disputed trade receivable - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| Less: Allowance for expected credit loss (refer note 45 (B)(i)) | - | - | - | - | - | - | (1,232.02) |
| **Net trade receivables** | **1,191.89** | **2,564.62** | **625.62** | **1,062.86** | **379.17** | **845.80** | **5,437.94** |

- Ageing for FY 2023-24 has been determined on FIFO basis. (Refer Note 52)

| As at March 31, 2023 | Outstanding for the following period from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| Particulars | Unbilled Dues | Less than 6 month | 6 month - 1 year | 1 -2 years | 2-3 years | More than 3 years | Total |
| Undisputed trade receivable - considered good | 1,103.62 | 1,679.01 | 677.54 | 424.75 | 186.51 | - | 4,071.43 |
| Undisputed trade receivable - which have significant increase in credit risk | - | 223.50 | 139.80 | 99.16 | 43.54 | 1,253.43 | 1,759.42 |
| Undisputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivable - considered good | - | - | - | - | - | - | - |
| Disputed trade receivable - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| Less: Allowance for expected credit loss (refer note 45 (B)(i)) | - | - | - | - | - | - | (1,759.42) |
| **Net trade receivables** | **1,103.62** | **1,902.50** | **817.34** | **523.91** | **230.06** | **1,253.43** | **4,071.44** |

The credit period on sales of services ranges from 30 to 60 days with or without security.

Before accepting any new customer, the company uses an external credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. Limits and scoring attributed to customers are reviewed once a year.

The company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty.

Credit risk anagement regarding trade receivables has been described in note 45 (B)(I).Trade receivables from related parties' details has been described in note 44.

Trade receivables does not include any receivables from directors and officers of the company.

Trade receivables does not include any amount of receivables from struck off companies.

## 9. Cash and cash equivalents

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Balances with banks** | 71.59 | 520.23 |
| -In current account | - | - |
| Cash on hand | 0.21 | 0.20 |
| Fixed deposits with banks with original maturity of less than three months* | | |
| | **71.81** | **520.43** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| * Earmarked balance represents fixed deposits with Dy. Commissioner (sales tax) | 0.21 | 0.20 |

## 10. Bank balances other than cash and cash equivalents

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Fixed deposits with banks with original maturity more than 3 months but less than 12 months* | 10.00 | 1.73 |
| | **10.00** | **1.73** |

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| * Earmarked balance represents fixed deposits with Dy. Commissioner (goods and service tax) | 1.84 | 1.73 |

## 11. Other current financial assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Other receivables | 48.74 | 32.75 |
| - Unsecured, considered good | | |
| Entitlement of "Service Export from India Scheme" | 22.05 | 90.25 |
| Less: Allowance for duty credit entitlement under SEIS | (22.05) | (22.05) |
| | **48.73** | **100.96** |

## 12. Other current assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Advance to suppliers | 174.71 | 79.98 |
| Less: Allowance for doubtful advances | (25.28) | (15.28) |
| | **149.43** | **64.70** |
| Prepaid expenses | 32.51 | 79.84 |
| Advance to staff | - | 0.21 |
| | **181.94** | **144.75** |

## 13. Equity share capital

### a. Details of authorised, issued and subscribed and paid up share capital

| Particulars | No. in millions | As at March 31, 2024 | No. in millions | As at March 31, 2023 |
|---|---|---|---|---|
| **Authorised capital**<br>Equity shares of ₹ 10/- each | 1,000.00 | 10,000.00 | 1,000.00 | 10,000.00 |
| **Issued capital, subscribed and fully paid up**<br>Equity shares of ₹ 10/- each | 138.42 | 1,384.24 | 138.42 | 1,384.24 |
| | | **1,384.24** | | **1,384.24** |

### b. Reconciliation of number of shares

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number | Amount | Number | Amount |
| Shares outstanding at the beginning of the year | 138.42 | 1,384.24 | 138.42 | 1,384.24 |
| Shares Issued during the year | - | - | - | - |
| **Shares outstanding at the end of the year** | **138.42** | **1,384.24** | **138.42** | **1,384.24** |

### c. Terms and conditions

The company has only one class of equity shares having a face value of ₹10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation of the company, the holder of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

### d. Shareholders having more than 5% shareholding

| Name of shareholder | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number | Percentage | Number | Percentage |
| AI Assets Holding Limited | 138.42 | 100.00% | 138.42 | 100.00% |

### e. Equity shares held by the holding company:

| Name of the shareholder | Relationship | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|---|
| | | Number | Amount | Number | Amount |
| AI Assets Holding Limited | Holding Company | 138.42 | 1,384.24 | 138.42 | 1,384.24 |
| **Total** | | **138.42** | **1,384.24** | **138.42** | **1,384.24** |

### f. Shareholding of promoters

| Name of the promoter | As at March 31, 2024 | | | As at March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Number | Percentage | Percentage change during the period | Number | Percentage | Percentage change during the period |
| AI Assets Holding Limited | 138.42 | 100.00% | - | 138.42 | 100% | - |

## Note

The number of shares held and percentage of holding represents the shares held in the individual capacity. Promoter here means promoter as defined in the Companies Act, 2013, as amended.

### g. Shares issued other than Cash

There were no bonus shares issued and there is an instance of shares being issued for consideration other than cash and no shares have been bought back by the company during the period of five years immediately preceding the date of Balance Sheet.

### 14. Other equity

| Particulars | Reserves & surplus | Other comprehensive income | Total |
|---|---|---|---|
| | Retained earnings | | |
| **Balance as at April 1, 2022** | **1,840.16** | **227.01** | **2,067.16** |
| Profit/ (Loss) for the period | 623.27 | - | 623.27 |
| Rounding off difference | 0.07 | - | 0.07 |
| Remeasurement of employee benefits obligations | - | (3.92) | (3.92) |
| **Balance as at March 31, 2023 (Restated)** | **2,463.49** | **223.09** | **2,686.58** |
| **Balance as at April 1, 2023** | **2,463.49** | **223.09** | **2,686.58** |
| Profit/ (Loss) for the period | 404.26 | - | 404.26 |
| Rounding off difference | - | - | - |
| Remeasurement of employee benefits obligations | - | 126.55 | 126.55 |
| **Balance as at March 31, 2024** | **2,867.76** | **349.64** | **3,217.40** |

**Nature and purpose of reserves**
**Retained earnings**

Retained earnings represents surplus/accumulated earnings of the Company and are available for distribution to shareholders.

**Other comprehensive income**

Other comprehensive income consists of remeasurement gains/ (loss) on defined employee benefit obligations.

### 15. Other financial liabilities

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Security deposits from customers | 12.97 | 38.05 |
| Security deposits from vendors | 34.81 | 34.43 |
| | **47.78** | **72.48** |

## 16. Provisions

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for employee benefits:** | | |
| Leave entitlement | 276.18 | 300.21 |
| Gratuity | 696.80 | 701.88 |
| Medical (refer Note 42) | 1,411.45 | 1,411.45 |
| | **2,384.43** | **2,413.54** |

## 17. Trade payables

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Total outstanding dues of micro enterprises and small enterprises | 10.56 | 2.30 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises* | 2,328.28 | 1,619.33 |
| | **2,338.84** | **1,621.64** |

* Company has reclassified advances to trade payables and has shown separately.

### Trade payable ageing schedule

### As at March 31, 2024

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| (i) MSME | - | 10.56 | - | - | - | 10.56 |
| (ii) Others | 1,038.10 | 758.95 | 3.05 | 472.83 | 55.35 | 2,328.28 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - others | - | - | - | - | - | - |
| **Total** | **1,038.10** | **769.51** | **3.05** | **472.83** | **55.35** | **2,338.84** |

- Ageing for FY 2023-24 has been determined on FIFO basis. (Refer Note 52)

### As at March 31, 2023

| Particulars | Outstanding for following periods from due date of payment | | | | | Total |
|---|---|---|---|---|---|---|
| | Not due | Less than 1 year | 1 - 2 years | 2 - 3 years | More than 3 years | |
| (i) MSME | - | 2.30 | - | - | - | 2.30 |
| (ii) Others | 292.12 | 700.15 | 557.45 | 9.53 | 60.09 | 1,619.33 |
| (iii) Disputed dues - MSME | - | - | - | - | - | - |
| (iv) Disputed dues - others | - | - | - | - | - | - |
| **Total** | **292.12** | **702.45** | **557.45** | **9.53** | **60.09** | **1,621.64** |

Trade payables does not include the amount payable to struck off companies.
Trade payable are normally settled within 30 to 60 days
Trade payable to related parties has been disclosed in note 44

**18. Other current financial liabilities**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Payable to employees | 710.29 | 1,185.56 |
| | **710.29** | **1,185.56** |

**19. Provisions**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Provision for employee benefits** | | |
| Leave entitlement | 45.96 | 67.61 |
| Gratuity | 114.29 | 159.28 |
| **Other provisions** | | |
| Provision for other statutory dues | 456.84 | 632.04 |
| Provision for interest on MSME vendors | 0.50 | 0.10 |
| | **617.58** | **859.04** |

**20. Other current liabilities**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Statutory liabilities | 134.30 | 72.56 |
| Advance from customers | 561.20 | 284.33 |
| | **695.50** | **356.89** |

**21. Revenue from operations**

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| **A. Revenue from handling services** | | |
| Revenue from Air India | 2,428.81 | 2,708.50 |
| Revenue from group companies | 464.71 | 485.69 |
| Revenue from 3rd party handling | 3,796.05 | 4,417.59 |
| Revenue from government parties | 224.95 | 158.38 |
| Revenue from casual handling | 458.97 | 371.84 |
| **Total (A)** | **7,373.49** | **8,142.00** |
| **B. Cargo handling revenue** | | |
| APEDA revenue | 39.94 | 29.93 |
| Others | 786.01 | 581.43 |
| **Total (B)** | **825.94** | **611.36** |
| **C. Equipment loaning** | | |
| Other | 226.73 | 191.37 |
| **Total (C)** | **226.73** | **191.37** |
| **Total revenue from operations (A+B+C)** | **8,426.17** | **8,944.73** |

**Timing of revenue recognition**

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| Services transfered at a point in time | 8,426.17 | 8,944.73 |
| **Total revenue from contacts with customers** | **8,426.17** | **8,944.73** |

## 22. Other income

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| Recruitment application money | 7.76 | 5.37 |
| Interest on overdue payments of group companies | 116.97 | 116.67 |
| Interest on overdue payments of other than group companies | 25.85 | 29.72 |
| Interest income on fixed deposit | 81.08 | 47.48 |
| Foreign Exchange Gain (Net) | - | 25.16 |
| Profit sharing of HAL-JWG (refer note 31) | 17.40 | 13.70 |
| Provision no longer required written back | - | (0.59) |
| Duty Credit Entitlement under SFIS | 39.46 | 68.21 |
| Miscellaneous income | 45.09 | 72.54 |
| **Total** | **333.61** | **378.25** |

## 23. Employee benefits expense

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| Salaries and bonus | 5,221.26 | 4,604.70 |
| Contribution to provident and other funds | 514.02 | 395.48 |
| Staff welfare expenses | 32.44 | 7.60 |
| Gratuity | 74.35 | 59.20 |
| Leave encashment | 76.23 | 53.56 |
| Medical benefit expenses | 39.82 | 41.29 |
| **Total** | **5,958.11** | **5,161.82** |

## 24. Finance costs

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| Interest on delayed payment of statutory dues | 46.98 | 13.43 |
| Other interest costs | 34.78 | 135.78 |
| **Total** | **81.76** | **149.21** |

## 25. Depreciation and amortization expense

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| Depreciation on property, plant and equipment | 288.96 | 283.79 |
| Amortization on intangible assets | 0.04 | - |
| **Total** | **289.00** | **283.79** |

## 26. Other expenses

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| Handling charges | 309.53 | 265.01 |
| Insurance | 54.74 | 23.44 |
| Repairs & maintenance - others | 111.83 | 83.12 |
| Electricity, heating & fuel | 313.01 | 332.54 |
| Water charges | 5.02 | 5.58 |
| SESF Handling Charges | 87.92 | 22.99 |
| Stores & spares consumption | 131.08 | 136.13 |
| Hire of transport & equipments | 87.21 | 23.23 |
| Loss on sale of duty credit entitlement under SEIS | 4.18 | - |
| Write off of assets | - | 14.46 |
| Allowance for doubtful advances | 10.00 | 5.54 |
| Allowance for Inventories | - | 33.14 |
| Printing & stationary | 13.18 | 9.95 |
| General office expenses | 22.35 | 16.70 |
| Expected credit loss allowance/(reversal) | (527.40) | 750.06 |
| Rent expenses | 240.48 | 442.70 |
| Rates and taxes | 25.45 | 474.80 |
| Travelling and conveyance expenses | 74.92 | 60.22 |
| Late fees and penalties | 581.34 | 34.76 |
| Legal and professional expenses | 10.22 | 4.78 |
| Foreign exchange loss (net) | 24.39 | - |
| Remuneration to statutory auditor | | |
| - Audit fees | 0.75 | 1.00 |
| - Out of pocket expenses | 0.08 | 0.10 |
| Miscellaneous expenses | 79.58 | 14.94 |
| **Total** | **1,659.86** | **2,755.19** |

## 27. Earnings/(loss) per equity share:

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| **Basic/diluted earnings per Share** | | |
| Profit/(loss) attributable to equity shareholders ( ₹ in millions) | **404.26** | **623.27** |
| Weighted average number of equity shares (in millions) | 138.42 | 138.42 |
| **Basic and diluted earnings per share (in ₹)** | 2.92 | 4.50 |
| **Face value per Share (in ₹ )** | 10 | 10 |

## 28. Contingent liabilities, assets & commitments

### a) Contingent liabilities

| Particulars | Period ended March 31, 2024 | Period ended March 31, 2023 |
|---|---|---|
| **Claims against the company not acknowledged as debts:** | | |
| - Income tax demands against which the company is in appeals# | 318.48 | 312.19 |
| - GST Demands and Interest on GST demands ## | 637.30 | 296.22 |
| - Others ### | 14.91 | 14.91 |
| **Total** | **970.68** | **623.32** |

**#Income tax demand notices received by the Company which are under appeal**

| Particulars | AY | Appeal status | Amount |
|---|---|---|---|
| The income tax outstanding demand order raised on March 04, 2016 u/s 143(3) | 2013-14 | CIT(A) on April 07, 2016 | 19.18 |
| The income tax outstanding demand order raised on May 22, 2023 u/s 147 | 2017-18 | CIT(A) on August 21, 2023 | 6.29 |
| The income tax outstanding demand order raised on December 27, 2019 u/s 143(3) | 2017-18 | CIT(A) on January 21, 2020 | 6.60 |
| The income tax outstanding demand order raised on May 25, 2021 u/s 143(1) | 2017-18 | Response to IT Dept on June 09, 2022 | 5.40 |
| The income tax outstanding demand order raised on May 21, 2021 u/s 143(1) | 2018-19 | CIT(A) on October 04, 2021 | 80.76 |
| The income tax outstanding demand order raised on December 23, 2021 u/s 143(1). In this, ₹ 82.65 million amount of tax has already been paid on October 16, 2021 | 2020-21 | CIT(A) on October 29, 2022 | 200.25 |
| **Total** | | | **318.48** |

**## GST demands including interest against notices received by the Company**

| Particulars | FY | Notice Status | Amount |
|---|---|---|---|
| Delhi | 2017-2021 | GST Notice | 7.96 |
| Punjab | 2019-2020 | GST Notice | 29.48 |
| Tamil Nadu | 2019-2020 | GST Notice | 138.15 |
| Uttar Pradesh | 2019-2020 | GST Notice | 51.49 |
| West Bengal | 2019-2020 | GST Notice | 84.13 |
| Chhattisgarh | 2019-2021 | GST Notice | 0.49 |
| Odhisha | 2019-2020 | GST Notice | 11.50 |
| Maharashtra | 2020-2022 | GST Notice | 6.73 |
| **Total** | | | **329.94** |

**## Interest on GST demands against which appeal was filled by the company**

| Particulars | FY | Notice Status | Amount |
|---|---|---|---|
| Maharashtra | 2017-2020 | Appeal filed | 240.72 |
| Goa | 2019-2020 | Appeal filed | 32.56 |
| Rajasthan | 2017-2020 | Appeal filed | 0.78 |
| Bihar | 2017-2021 | Appeal filed | 12.34 |
| Karnataka | 2018-2019 | Appeal filed | 0.19 |
| Tamil Nadu | 2018-2019 | Application for rectification of order filed | 17.65 |
| West Bengal | 2018-2019 | Appeal filed | 0.53 |
| Assam | 2018-2019 | Appeal filed | 2.58 |
| **Total** | | | **307.35** |

**Explanatory statement in respect of other contingent liabilities:**

**### Other claims on account of staff/civil/arbitration cases pending in courts**

| Description | Name of parties | Case no. | Amount |
|---|---|---|---|
| It is against the punishment of removal from services for misconduct relating to loss of business to the company. The party has asked for re-instatement with back wages in services till the date of normal retirement, i.e., December 31, 2016. | M L Shetty | CGIT 2/12-2016 Pending for hearing | 0.21 |
| The workman is challenging the order dated March 01, 2016 regarding his removal from the services for misconduct relating to defamation of AIATSL Executives. He is demanding continuity in services with full back wages. | ST Katkar | CGIT 2/13 of 2016 Pending for hearing | 2.30 |
| It is against the punshiment of removal from the services relating to willful insubordination or disobedience of any lawful and reasonable order of his superior and neglect of work. The party is asking for re-insistatment in service with full back wages and other benefits. | PN Powar | CGIT 2/3 of 2017 Pending for hearing | 2.30 |
| This reference is against the termination of contract for misconduct. The party has claimed re-instatement with full back wages w.e.f October 17, 2017, i.e., date of termination of contract. | SB Adhav | CGIT 2/15 of 2017 Pending for hearing | 0.20 |
| The Party had raised a demand of ₹9.90 millions (including penal interest and GST thereon) for providing baggage, cargo handling and miscellaneous services at Jaipur Airport.The Company has reviewed all their outstanding bills and found that the bills raised by the vendor were not correct and even for a single service, billing for double services has been raised. Hence, the claim has not been acknowledged as debt and has been shown as contingent liability. | Neha Aviation Management Pvt. Ltd. | NA | 9.90 |
| **Total** | | | **14.91** |

**b. Capital and other long-term commitments:**

Capital contract commitments and long-term commitments is ₹ 83.80 millions as on March 31, 2024 (previous year ₹119.50 millions).
Summary of Capital commitments are as below:

| Particulars | March 31, 2024 | March 31, 2023 |
|---|---|---|
| Intangible assets | 54.08 | 66.08 |
| Ramp equipments* | 21.86 | 29.65 |
| Computers* | 7.86 | 4.48 |
| Vehicles | - | 17.85 |
| Furniture and fixtures | - | 0.35 |
| Workshop equipment & instruments | - | 0.31 |
| Office equipments | - | 0.79 |
| **Total** | **83.80** | **119.50** |

* Capital commitments shown as on March 31st, 2024 related to FY 23-24

**29. Disinvestment Status:**

Air India Limited has been disinvested on 27th January 2022. AI Airport Services Limited shares were transferred on 13th January 2022 to AI Asset Holding Limited. By virtue of the above, AI Airport Services became a wholly owned subsidiary of AI Asset Holding Limited w.e.f. 13th January 2022.

AIAHL, a Special Purpose Vehicle (SPV) was created for warehousing accumulated working capital loans not backed by any asset along with four subsidiaries AAAL, AIASL, AIESL, HCI, non-core assets paintings and artificats and other non-operational assets of Air India.

"Further in this regard the Preliminary Information Memorandum (PIM) for the invitation of the bids of Expression of Interest (EOI) for the disinvestment of AIASL has already been issued and the details of which are as under.

AIAHL had issued PIM on 12th February 2019 for inviting Expression of Interest for the proposed strategic sale of Air India Air Transport Services Limited followed by 12 corrigendum extending the dates with the last date being 27th December 2019. However, it was informed that the strategic sale of AI ASL stood cancelled and AIAHL will reinitiate the process of proposed strategic sale of AI ASL in due course."

**30. Correction of prior period errors in accordance with Ind AS 8 "Accounting policies, changes in accounting estimates and errors"**

During the year, the company undertook a detailed review of Opening Balances and discovered that the below mentioned Line items of financial statements had been incorrectly accounted/disclosed in the prior year. These errors have now been corrected by restating each of the affected financial statements line items for the prior year.

| Particulars | As at March 31, 2023 | | |
|---|---|---|---|
| **Balance sheet (extract)** | **As previously reported** | **Increase/ (decrease)** | **Restated** |
| Deferred Tax Assets | 1,130.35 | (159.87) | 970.48 |
| **Total non-current assets** | **2,693.82** | **(159.87)** | **2,533.95** |
| **Total assets** | **2,693.82** | **(159.87)** | **2,533.95** |
| **Statement of Profit and loss (extract)#** | | | |
| **Loss before tax** | 972.97 | - | 972.97 |
| Current Tax | 235.77 | - | 235.77 |
| Deferred Tax | (45.94) | 159.87 | 113.93 |
| **Profit/ (Loss) after tax** | **783.14** | **(159.87)** | **623.27** |

## 31. Disclosure with regard to joint working group

HAL Bangalore airport belongs to Hindustan Aeronautics Limited (HAL). A Joint Working Group (JWG) was formed between the then Air India and HAL effective 24.3.1999 which was in force till 31.3.2014. Effective 1st April 2014, on operationalization of AI Airport Services Limited, AIASL entered into an Joint Working Group agreement with HAL called HAL-AIASL JWG to provide the expertise of the Company for Ground Handling Services at Bangalore Airport. In terms of such arrangement, the Company will use all infrastructure of HAL and the expertise of AIASL to provide Ground Handling Services at that airport and in terms of the same net profit of AIASL-HAL JWG, shall be shared equally between HAL and the company. Accordingly, 50% share of net profit of AIASL-HAL JWG for the current year amounting to ₹ 17.40 millions has been accounted for as Other Income.

| Name of the joint working Group | AIASL joint working group | |
|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 |
| Share of company / ownership interest | 50% | 50% |
| Income - company's share | 78.60 | 62.50 |
| Expediture - company's share | 43.80 | 35.10 |
| Profit - company's share | 34.80 | 27.40 |
| Share of income of joint working groups of the company with HAL | 17.40 | 13.70 |
| Contingent liability | - | - |

## 32. Reconciliation/Confirmation

(a) The Company has sought for the confirmation of balances for major trade receivables and the company has obtained the balance confirmation of balances receivables from the holding company, sister concern of the holding company (except AI Engineering Services Limited) and is yet to obtain the balance confirmation from some other parties. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and after approval from appropriate authority.

(b) The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and after approval from appropriate authority.

(c) Statutory dues have been reconciled with the returns filed and statutory records maintained by the company. Filing of GST annual returns for the year are in process. Impact, if any, of the consequential adjustments arising out of the filing of annual returns will be dealt with in the year of filing of annual return for the year and after approval from appropriate authority.

**33. Property, plant and equipment (PPE)**

As per the policy of the company physical verification of the major assets of the company will be done on rotational basis so that every asset will be verified every two years. Further, management has identified the requirement to tag all assets of the company and to fulfill the same, a reconciliation exercise has been initiated on all station across pan India and the impact of reconciliation will be taken in the year in which exercise will be completed.

Company has conducted a review of the assets, as per IND AS 36 on reporting date, however no indicators of impairment have been identified.

**34. Inventories**

Physical Verification of Inventories carried out internally at four locations where inventories are stored has been carried out by officer of the company and duly certified. Physical verification has been carried out on March 31, 2024. The inventories have value in use at least equal to the carrying value in the books based on the confirmation received from the user (technical) department. The consumption of inventories is computed on the basis of derived figure.

Further, company has made provision for following categories of inventories as per the rate mentioned below:

a) Fast moving inventories- 0%

b) Slow moving inventories- 25%

c) Non moving inventories- 50%

d) Obselete inventories- 100%

**35. Cash and bank balances**

The process of year end Bank balances have been fully reconciled and confirmations from banks have been obtained in respect of all bank accounts. Further, company has not maintaining any cash, therefore there is no cash in hand at the end of the year.

**36. Interest on overdue payments on group companies**

The interest has been charged at the rate of 9% on average balance method in respect of AI Engineering Services Limited, Alliance Air Aviation Limited as per past practice.

The interest charged for the group companies is as under:

| Particulars | Amount |
|---|---|
| AI Engineering Services Limited | 2.02 |
| Alliance Air Aviation Limited | 114.95 |
| **Total** | **116.97** |

## 37. Internal control

The company has appointed independent firm of Chartered Accountants for conducting the internal audit to provide suggestions for the improvement in the system required if any. The scope of the internal auditor is reviewed by the management from time to time so as to ensure implementation of the effective internal controls at stations, regional offices and user departments and system for uniform and timely accounting entries of transactions.

## 38. Entitlement of "Service Export from India Scheme" (SEIS)

The company is entitled for credit under the "Service Export from India Scheme" on the basis of the foreign exchange earned by the company through export of services. The said benefit, in the form of license /scrips, is provided by the Director General of Foreign Trade (DGFT).

During the year, the company had received a license amounting Rs 41.11 millions for FY 2019-20 from Directorate General of Foreign Trade (DGFT) dated February, 08 2024, The company has recognized this license as assets after crediting to other income. Further, company has sold licences received for FY 2018-19 and FY 2019-20 to consultant M/s Shangrila Corporate Services Private Limited and hence there is no licenses held with the company as on 31.03.2024.

During the year FY 21-22, SEIS license no. 0319271362 issued for the year 2017-18 having entitlement claim of ₹ 22.06 millions, had expired on January 19, 2022. The company had applied to Policy Relaxation Committee (PRC) for extension of expiry date for the aforesaid license and accordingly, the Company had created a provision to the extent of full value of the license during FY 2021-22.

## 39. Claims from Jet Airways (India) Ltd.

The Company has submitted its claims of ₹ 250.18 millions (including interest) from M/s Jet Airways (India) Ltd to the Interim Resolution Professional / Resolution Professional of M/s Jet Airways (India) Ltd out of which claims of ₹ 166.10 millions has been admitted. Further, with reference to regulation 39 (5A) of the Insolvency and Bankruptcy Board of India Regulations 2016, principle or formulae proposed to Operational creditors (other than Workmen & employees and Ticket Refund) under the Approved Resolution Plan (Jet Airways (I) Limited) by Hon'ble NCLT on 25th June 2021 vide order dated 22nd June 2021, payment of a fixed sum of ₹ 15000/-(irrespective of the claim amount) to each Relevant Creditor was awarded. The company has submitted that the payment of a fixed sum of ₹ 15,000/- was not acceptable. However, 100% provision of the receivables from M/s Jet Airways (India) Ltd is considered in ECL.

## 40. Claims from Go Airlines India Ltd.

The Go Airlines India Limited had submitted their application to NCLT for insolvency resolution process and accordingly NCLT had accepted the application and initiated the insolvency process vide order dated May 10th, 2023 and the Company had filed its claim amounting Rs 220.35 millions in the previous year (including interest amounting Rs 11.27 millions) and accordingly company has made the 100% provision of the receivables excluding interest in ECL in the previous year.

## 41. The Micro and Small Enterprises Development Act, 2006:

The accounting system (Odoo) has a field, minority indicator in vendor master, which is updated to identify the vendor as MSME. The system is being enhanced to capture more details of MSME vendors, such as certificate no., issuing agency, validity, etc.

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| The principal amount remaining unpaid to any supplier as at the end of accounting year; | 10.56 | 2.30 |
| Principal amount overdue more than 45 days | 10.56 | 2.30 |
| The interest due and remaining unpaid to any supplier as at the end of accounting year; | 0.50 | 0.10 |
| The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed date during each accounting year; | - | - |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under the MSMED Act, 2006;The amount of interest due and payable for the period (where the principal has been paid but interest under the MSMED Act, 2006 not paid); | - | - |
| The amount of interest accrued and remaining unpaid at the end of accounting year; and | 0.50 | 0.10 |
| The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act, 2006. | - | - |

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprise as on the basis of information available with the company.

## 42. Employees benefit plan

### (A) Defined contribution plan

**Employees provident fund:** The company has employees provident fund trusts under the Provident Fund Act, 1925 for permanent employees. Also, the company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹441.30 million (previous year: ₹ 327.79 million)

There is a Supreme Court (SC) judgement dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgement including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952.

**(B) Defined benefit plans:**

a) Gratuity: Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

company scheme for Gratuity.

**i) Disclosure statement as per Ind AS of gratuity**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Type of benefit | Gratuity | Gratuity |
| Country | India | India |
| Reporting currency | INR | INR |
| Reporting standard | Indian Accounting Standard 19 (Ind AS 19) | Indian Accounting Standard 19 (Ind AS 19) |
| Funding status | Unfunded | Unfunded |
| Starting period | April 01,2023 | April 01,2022 |
| Date of reporting | March 31,2024 | March 31,2023 |
| Period of reporting | 12 months | 12 months |

**a) Assumptions (previous period)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Expected return on plan assets | N.A. | N.A. |
| Rate of discounting | 7.41% | 6.84% |
| Rate of salary increase | 5.50% | 5.50% |
| Rate of employee turnover | 10% & 2% as Applicable | 10% & 2% as Applicable |
| Mortality rate during employment | Indian Assured Lives Mortality 2012-14 (Urban | Indian Assured Lives Mortality 2012-14 (Urban |
| Mortality rate after employment | N.A. | N.A. |

## b) Assumptions (Current Period)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Expected return on plan assets | N.A. | N.A. |
| Rate of discounting | 7.19% | 7.41% |
| Rate of salary increase | 5.50% | 5.50% |
| Rate of employee turnover | 10% & 2% as Applicable | 10% & 2% as Applicable |
| Mortality rate during employment | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |
| Mortality rate after employment | N.A. | N.A. |
| Present value of benefit obligation at the beginning of the period | 861.16 | 953.19 |
| Interest cost | 63.81 | 63.35 |
| Current service cost | 74.35 | 59.2 |
| Past service cost | - | - |
| (Benefit paid directly by the employer) | (125.17) | (218.50) |
| Actuarial (gains)/losses on obligations - due to change in demographic assumptions | - | |
| Actuarial (gains)/losses on obligations - due to change in financial assumptions | 8.32 | (20.16) |
| Actuarial (gains)/losses on obligations- due to Experience | (71.38) | 24.08 |
| **Present value of benefit obligation at the end of the period** | **811.09** | **861.16** |

## c) Amount recognized in the balance sheet

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of benefit obligation at the end of the period | (811.09) | (861.16) |
| Funded status (surplus/ (deficit)) | (811.09) | (861.16) |
| **Net (liability)/asset recognized in the balance sheet** | **(811.09)** | **(861.16)** |

## d) Net interest cost for current period

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Present value of benefit obligation at the beginning of the period | 861.16 | 953.19 |
| Net liability/(asset) at the beginning | 861.16 | 953.2 |
| Interest cost | 63.81 | 63.35 |
| **Net interest cost for current period** | **63.81** | **63.35** |

### e) Expenses recognized in the statement of profit or loss for current period

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Current service cost | 74.35 | 59.2 |
| Net interest cost | 63.81 | 63.35 |
| Past service cost | - | - |
| (Expected contributions by the employees) | - | - |
| (Gains)/losses on curtailments and settlements | - | - |
| Net effect of changes in foreign exchange rates | - | - |
| **Expenses recognized** | **138.16** | **122.55** |

### f) Expenses recognized in the other comprehensive income (OCI) for current period

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Actuarial (gains)/losses on obligation for the period | (63.06) | 3.92 |
| Return on plan assets, excluding interest income | 0 | - |
| Change in asset ceiling | 0 | - |
| **Net (income) / expense for the period recognized in OCI** | **(63.06)** | **3.92** |

### g) Balance Sheet reconciliation

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening net liability | 861.16 | 953.19 |
| Expenses recognized in statement of profit or loss | 138.16 | 122.54 |
| Expenses recognized in OCI | (63.06) | 3.92 |
| Net liability / (asset) transfer in | 0 | 0 |
| Net liability / (asset) transfer out | 0 | 0 |
| (Benefit paid directly by the employer) | (125.17) | (218.50) |
| (Employer's contribution) | | |
| **Net liability/(asset) recognized in the balance sheet** | **811.09** | **861.16** |

### h) Maturity analysis of the benefit payments

Projected benefits payable in future years from the date of reporting

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| 1st following year | 119.53 | 159.28 |
| 2nd following year | 39.21 | 95.61 |
| 3rd following year | 131.33 | 128.78 |
| 4th following year | 152.14 | 137.06 |
| 5th following year | 122.16 | 116.13 |
| Sum of years 6 to10 | 668.70 | 335.76 |

**I) Sensitivity analysis:increase/(decrease)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Defined benefit obligation on current assumptions** | **811.09** | **861.16** |
| Delta effect of +1% and 0.5% change in rate of discounting | (18.65) | (32.87) |
| Delta effect of -1% change and 0.5% in rate of discounting | 19.58 | 36.11 |
| Delta effect of +1% change in rate of salary increase | 38.57 | 34.81 |
| Delta effect of -1% change in rate of salary increase | (36.15) | (32.77) |
| Delta effect of +1% and 5% change in rate of employee turnover | 8.44 | 2.60 |
| Delta effect of -1% and 5% change in rate of employee turnover | (11.70) | (2.95) |

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Notes:**

Gratuity is payable as per company's scheme as detailed in the report. Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).All above reported figures of OCI are gross of taxation. Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees. Maturity Analysis of Benefit payments is undiscounted cash flows considering future salary, attrition & death in respective year for members as mentioned above for forseeable future of next 10 years. Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation. Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing, where weights are derived from the present value of each cash flow to the total present value. Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures.

**ii) Post-retirement medical benefits** :The company has a post-retirement medical benefit scheme under which medical benefits are provided to retired employees and their spouse.

**Disclosure statement as per Ind AS of post-retirement medical benefits**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Type of benefit | Medical | Medical |
| Country | India | India |
| Reporting currency | INR | INR |
| Reporting standard | Indian Accounting Standard 19 (Ind AS 19) | Indian Accounting Standard 19 (Ind AS 19) |
| Funding status | Unfunded | Unfunded |
| Starting period | April 01,2023 | April 01,2022 |
| Date of reporting | March 31,2024 | March 31,2023 |
| Period of reporting | 12 Months | 12 Months |

**a) Assumptions (previous year)**

| Particulars | As at March 31, 2023 | As at March 31, 2022 |
|---|---|---|
| Expected return on plan assets | N.A. | N.A. |
| Rate of discounting | 7.40% | 6.91% |
| Medical cost inflation | 4.00% | 4.00% |
| Rate of employee curnover | 2.00% | 2.00% |
| Mortality rate during employment | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| Mortality rate after employment | Indian Individual AMT (2012-15) | Indian Individual AMT (2012-15) |

**b) Assumptions (current year)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Expected return on plan assets | N.A. | N.A. |
| Rate of discounting | 7.19% | 7.40% |
| Medical cost inflation | 5.50% | 4.00% |
| Rate of employee turnover | 10% & 2% as Applicable | 2.00% |
| Mortality rate during employment | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality 2012-14 (Urban) |
| Mortality rate after employment | Indian Individual AMT (2012-15) | Indian Individual AMT (2012-15) |

## C) Change in the present value of defined benefit obligation

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of benefit obligation at the beginning of the period | 1,411.45 | 1,411.45 |
| Interest cost | - | - |
| Current service cost | - | - |
| Past service cost | - | - |
| Liability transferred in/acquisitions | - | - |
| (Liability transferred out/divestments) | - | - |
| (Gains) / losses on curtailment | - | - |
| (Liabilities extinguished on settlement) | - | - |
| (Benefit paid directly by the employer) | - | - |
| (Benefit paid from the fund) | - | - |
| The effect of changes in foreign exchange rates | - | - |
| Actuarial(gains)/losses on obligations - due to change in demographic assumptions | - | - |
| Actuarial(gains)/losses on obligations - due to change in financial assumptions | - | - |
| Actuarial (gains) / losses on obligations - due to experience | - | - |
| **Present value of benefit obligation at the end of the period** | **1411.45** | **1411.45** |

## d) Change in the fair value of plan assets

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Fair value of plan assets at the beginning of the period | - | - |
| Interest income | - | - |
| Contributions by the employer | - | - |
| Expected contributions by the employees | - | - |
| Assets transferred | - | - |
| (Assets transferred out/divestments) | - | - |
| (Benefit paid from the fund) | - | - |
| (Assets distributed on settlements) | - | - |
| Effects of asset ceiling | - | - |
| The effect of changes in foreign exchange rates | - | - |
| Return on plan assets, excluding | - | - |

### e) Amount recognized in the balance sheet

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of benefit obligation at the beginning of the period | (1,411.45) | (1411.45) |
| Fair value of plan assets at the end of the period | - | - |
| Net (liability) / asset recognized in the balance sheet | (1,411.45) | (1411.45) |

### f) Net interest cost for current year

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Present value of benefit obligation at the beginning of the period | 1,411.45 | 1,411.45 |
| Fair value of plan assets at the end of the period | - | - |
| Net liability / (asset) at the beginning | 1,411.45 | 1,411.45 |
| Interest cost | - | - |
| (Interest income) | - | - |
| Net interest cost for current period | - | - |

### g) Expenses recognized in the statement of profit or loss for current year

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Current service cost | - | - |
| Net interest cost | - | - |
| Past service cost | - | - |
| (Expected contributions by the employees) | - | - |
| (Gains) / losses on curtailments and settlements | - | - |
| Net effect of changes in foreign exchange rates | - | - |
| **Expenses recognized** | - | - |

### h) Expenses recognized in the other comprehensive income (OCI) for current

| Particulars | For the Year ended March 31, 2024 | For the Year ended March 31, 2023 |
|---|---|---|
| Actuarial (gains) / losses on obligation for the period | - | - |
| Return on plan assets, excluding interest income | - | - |
| Change in asset ceiling | - | - |
| Net (income) / expense for the period recognized in OCI | - | - |

### i) Balance sheet reconciliation

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Opening net liability | 1,411.45 | 1,411.45 |
| Expenses recognized in statement of profit or loss | - | - |
| Expenses recognized in OCI | - | - |
| Net liability / (asset) transfer in | - | - |
| Net (liability) /asset transfer out | - | - |
| (Benefit paid directly by the employer) | - | - |
| (Employer's contribution) | - | - |
| **Net liability / (asset) recognized in the balance sheet** | **1411.45** | **1411.45** |

### j) Other details

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| No of active members | - | - |
| No.of retired employees | - | - |
| Weighted average duration of the projected benefit obligation | - | - |
| Average future term | - | - |
| Projected benefit obligation | 1411.45 | 1411.45 |
| Prescribed contribution for next year (12 Months) | - | - |

### k) Maturity analysis of the benefit payments: from the employer

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Projected benefits payable in future years from the date of reporting | | |
| 1st following year | - | 64.63 |
| 2nd following year | - | 64.54 |
| 3rd following year | - | 71.59 |
| 4th following year | - | 79.09 |
| 5th following year | - | 88.26 |
| Sum of years 6 to 10 | - | 431.80 |

### Sensitivity analysis: increase / (decrease)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Projected benefit obligation on current assumptions | 1411.45 | 1411.45 |
| Delta effect of + 1% change in rate of discounting | - | - |
| Delta effect of - 1 % change in rate of discounting | - | - |
| Delta effect of +1 % change in medical cost inflation | - | - |
| Delta Effect of - 1% Change in Medical Cost inflation | - | - |

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognized in the balance sheet.There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

**Notes**

**The company was providing the medical expenses payable to retired employees of Air India on the basis of Acturial valuation made by the Acturial Valuer, however after the disinvestment of Air India, it was decided by AIAHL being a holding company of the AIASL that all retired employees will contribute the amount to CGHS and accordingly they will avail the medical benefits directly from CGHS and therefore company has not done the acturial valuation during the year.**

Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI). All above reported figures of OCI are gross of taxation.

Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.

Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above for forseeable future of next 10 years.

Average Future Term represents Estimated Term of Post - Employment Benefit Obligation.

Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing, where weights are derived from the present value of each cash flow to the total present value.

Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures.

There was curtailment in the scheme where in liability of the majority of the employees were taken over by the government resulting in curtailment.

The payments made doesn't commensurate witht the scheme valued at the start of the year."

**Notes**

**(C) Other long term employee benefits**

**I. Compensated Absence**

The Company has a policy on compensated absences with provisions on accumulation and encashment by the employees during emloyment or on separation from the company due to death, retirement or resignation.The expected cost of compensated absence is determined by actuarial valuation performed by an independent actuary at the balance sheet date using projected unit credit method.

**ii. Bonus**

Bonus is payable to all employees as per the provisions of the Payment of Bonus Act, 1965 and the provision for the same has been made in the current financial year.

Amount in millions unless otherwise stated

## 43. Income taxes

### (a) Income tax recognised in Statement of Profit and loss

| Particulars | Year Ended March 31, 2024 | Year Ended March 31, 2023 |
|---|---|---|
| **Current tax expense (A)**<br>Current year | 187.09 | 235.77 |
| **Short/(excess) provision of earlier years (B)**<br>Short provision for tax for earlier years | - | - |
| **Deferred tax expense (C)**<br>Origination and reversal of | 179.70 | 113.93 |
| **Tax expense recognised in the income statement (A+B+C)** | **366.79** | **349.70** |

### (b) Income tax recognised in other comprehensive income

| Particulars | Year Ended March 31, 2024 | | | Year Ended March 31, 2023 | | |
|---|---|---|---|---|---|---|
| | Before tax | Tax (expense)/ | Net of tax | Before tax | Tax (expense)/ benefit | Net of tax |
| **Items that will not be reclassified to profit or loss**<br>Remeasurement of employee benefits obligations | 126.55 | - | 126.55 | (3.92) | - | (3.92) |
| | **126.55** | **-** | **126.55** | **(3.92)** | **-** | **(3.92)** |

### (c) Reconcilation of income tax expense applicable to accounting profit before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows

| Particulars | Year Ended March 31, 2024 | Year Ended March 31, 2023 |
|---|---|---|
| **Profit before tax** | 771.05 | 972.97 |
| Enacted tax rate in India | 25.168% | 25.168% |
| Expected income tax expense at statutory rate (A) | 187.09 | 235.77 |
| **Tax effect of** | | |
| Expenses not deductible in determining taxable profits | - | - |
| Excess provision of tax for earlier years | - | - |
| **Income tax recognized in the statement of profit and loss** | 187.09 | 235.77 |
| Impact of deferred tax | 179.70 | 113.93 |
| **Income tax recognized in the statement of profit and loss (including deferred tax)** | **366.79** | **349.70** |

### (d) Deferred tax assets/(liabilities)

The following is the analysis of deferred tax assets / (liabilities) balances presented in the balance sheet:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Deferred tax liabilities | (210.99) | (189.84) |
| Deferred tax assets | 1,001.78 | 1,160.32 |
| **Total** | **790.79** | **970.48** |

**Significant component of deferred tax assets / (liabilities) and movement during the year are as under:**

| Particulars | As at March 31, 2023 | For the year ended March 31, 2024 | | As at March 31, 2024 |
|---|---|---|---|---|
| | | Recognized through | Recognized through OCI | |
| **Deferred tax balance in relation to** | | | | |
| Property, plant & equipment | (189.84) | (21.15) | - | (210.99) |
| Provision for employee benefits | 699.77 | (20.72) | - | 679.05 |
| Provision for inventories | 8.34 | (7.60) | - | 0.74 |
| Expected credit loss | 452.21 | (130.22) | - | 321.99 |
| **Total** | **970.48** | **(179.70)** | **-** | **790.79** |

| Particulars | As at April 1, 2022 | For the year ended March 31, 2023 | | As at March 31, 2023 |
|---|---|---|---|---|
| | | Recognized through | Recognized through OCI | |
| **Deferred tax balance in relation to** | | | | |
| Property, plant & equipment | (166.59) | (23.25) | - | (189.84) |
| Provision for employee benefits | 710.96 | (11.19) | - | 699.77 |
| Provision for inventories | - | 8.34 | | 8.34 |
| Expected credit loss | 262.04 | 190.17 | - | 452.21 |
| Unabsorbed losses | 278.00 | (278.00) | - | - |
| **Total** | **1,084.41** | **(113.93)** | **-** | **970.48** |

The company is creating deferred tax assets considering that company is hopeful of showing improved performance in future and accordingly, has reasonable certainty that deferred tax asset recognized will be realized against future taxable profits.

**44. Related party disclosures**

Disclosure of the names and designations of the related parties as required by the Ind AS 24 "Related Party Disclosures", during the year 2023-24:

**A. List of related parties :**

**i. In terms of Ind AS 24, following are related parties which are government related entities i.e. significantly controlled and influenced entities (Government of India) :**

| Sr. No. | Name of the company | Relationship |
|---|---|---|
| 1 | AI Assets Holding Limited (w.e.f. January 13, 2022) | Holding company |

**ii. List of Fellow Subsidiary Companies**

| Sr. No. | Name of Company | Relationship |
|---|---|---|
| 1 | Hotel Corporation of India Limited (HCI) | Fellow subsidiary company |
| 2 | AI Engineering Services limited (AIESL) | Fellow subsidiary company |
| 3 | Alliance Air Aviation Limited (AAAL) | Fellow subsidiary company |

**B. Key Managerial Personnel**

| Sr. No. | Name of key managerial personnel | Designation |
|---|---|---|
| 1 | Shri. Vikram Dev Dutt | Chairman (ceased as CMD effective February 28, 2023) |
| 2 | Shri. Satyendra Kumar Mishra | Chairman (appointed as CMD effective March 01, 2023 and ceased as CMD effective January 1, 2024) |
| 3 | Shri. Asangba Chuba Ao | Chairman (appointed as CMD effective January,1,2024) |
| 4 | Shri. Rambabu Ch. | Chief Executive Officer |
| 5 | Shri Satya Narayan Panda | Chief Financial Officer (ceased as CFO & KMP w.e.f. December 31, 2022) |
| 6 | Wing Cdr. Sandeep Malhotra (retd) | Chief Financial Officer (Appointed as CFO w.e.f. December 28, 2022 & KMP w.e.f. on February 09, 2023) |
| 7 | Smt. Shashi Bhadoola | Company Secretary |

**C. Transaction during the year ended and balance outstanding with related parties are as follows -**

i. No loans or credit transactions were outstanding with directors or officers of the company or their relatives at the end of the year.

ii. In terms of Ind AS 24, following are the disclosure requirements related to transactions with certain government related entities i.e. significantly controlled and influenced entities (Government of India) and other than government related parties:

**(i) Disclosure in respect of transaction with related parties:**

| Particulars | Nature of transaction | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|---|
| AI Engineering Services Limited | **Revenue from operations** | | |
| | Manpower services/ cabin cleaning | 139.00 | 204.08 |
| | Interest on outstanding recoverable | 2.02 | 21.87 |
| | **Expenditure** | | |
| | Headset services | 34.53 | 12.42 |
| Alliance Air Aviation Limited | **Revenue from operations** | | |
| | Ground handling revenue | 269.97 | 281.49 |
| | Supply of manpower services | 0.25 | 0.59 |
| | Interest on outstanding recoverable | 114.95 | 94.80 |
| | **Expenditure** | | |
| | Staff on duty expenditure and other expenditure | 4.42 | 1.25 |
| Hotel Corporation of India Limited (HCIL Centaur) | **Expenditure** | | |
| | Staff hotel expenses | 5.68 | 7.52 |
| | Festive expenses | - | 2.27 |
| | Event expenses | - | 1.93 |
| AI Assets holding Limited (AIAHL) | **Revenue from operations** | | |
| | Manpower services | 1.02 | 1.52 |
| | **Expenditure** | | |
| | Reimbursement of cost | 5.63 | 6.38 |
| | Interest on outstanding payable | 39.07 | 35.69 |

**(ii) Outstanding balances**

| Name of the party | Receivable/payable | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| AI Assets Holding Limited | Payable | (472.44) | (434.86) |
| AI Engineering Services Limited | Receivable | 68.61 | (6.62) |
| Alliance Air Aviation Limited | Receivable | 1,378.91 | 1,290.47 |
| Hotel Corporation of India Limited (HCIL-Centaur) | Payable | (4.30) | (5.58) |

**D. Compensation to key management personnel:**

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Short-term employee benefits | 8.10 | 7.48 |
| Post-employment benefits | - | - |
| Other long-term benefits | - | - |
| Termination benefits | - | - |
| **Total compensation to key management personnel** | **8.10** | **7.48** |

As the future liability for post-employment, other long-term and termination benefits are provided on actuarial basis for the company as a whole, the amount pertaining to individual is not ascertainable and therefore not included above.

## 45. Financial instruments – Fair values and risk management

### A. Accounting classification and fair values

Amount in millions unless otherwise stated

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

| Financial assets and liabilities as at March 31, 2024 | Note no. | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | | |
| Trade receivables | 8 | - | 5,437.94 | **5,437.94** | - | - | - | - | - | - | - | - | **5,437.94** | **5,437.94** |
| Other financial assets | 3 & 11 | 1,065.47 | 48.73 | **1,114.20** | - | - | - | - | - | - | - | - | **1,114.20** | **1,114.20** |
| Cash and cash equivalents | 9 | - | 71.81 | **71.81** | - | - | - | - | - | - | - | - | **71.81** | **71.81** |
| Bank balances other than cash and cash equivalents | 10 | - | 10.00 | **10.00** | - | - | - | - | - | - | - | - | **10.00** | **10.00** |
| **Total financial assets** | | **1,065.47** | **5,568.47** | **6,633.94** | | | | | | | | | **6,633.94** | **6,633.94** |
| **Financial liabilities** | | | | | | | | | | | | | | |
| Trade payables | 17 | - | 2,338.84 | **2,338.84** | - | - | - | - | - | - | - | - | **2,338.84** | **2,338.84** |
| Other financial liabilities | 15 & 18 | 47.78 | 710.29 | **758.07** | - | - | - | - | - | - | - | - | **758.07** | **758.07** |
| **Total financial liabilities** | | **47.78** | **3,049.13** | **3,096.91** | - | - | - | - | - | - | - | - | **3,096.91** | **3,096.91** |

| Financial assets and liabilities as at March 31, 2023 | Note no. | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | | |
| Trade receivables | 8 | - | 4,071.44 | **4,071.44** | - | - | - | - | - | - | - | - | **4,071.44** | **4,071.44** |
| Other financial assets | 3 & 11 | 1,299.16 | 100.96 | **1,400.12** | - | - | - | - | - | - | - | - | **1,400.12** | **1,400.12** |
| Cash and cash equivalents | 9 | - | 520.43 | **520.43** | - | - | - | - | - | - | - | - | **520.43** | **520.43** |
| Bank balances other than cash and cash equivalents | 10 | - | 1.73 | **1.73** | - | - | - | - | - | - | - | - | **1.73** | **1.73** |
| **Total financial assets** | | **1,299.16** | **4,694.56** | **5,993.72** | | | | | | | | | **5,993.72** | **5,993.72** |
| **Financial liabilities** | | | | | | | | | | | | | | |
| Trade payables | 17 | - | 1,621.64 | **1,621.64** | - | - | - | - | - | - | - | - | **1,621.64** | **1,621.64** |
| Other financial liabilities | 15 & 18 | 72.48 | 1,185.56 | **1,258.04** | - | - | - | - | - | - | - | - | **1,258.04** | **1,258.04** |
| **Total financial liabilities** | | **72.48** | **2,807.20** | **2,879.68** | - | - | - | - | - | - | - | - | **2,879.68** | **2,879.68** |

**Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:
Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.
Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).
Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**45. Financial instruments – Fair values and risk management (continued..)**

**B. Financial risk management objective and policies:**

The company has exposure to following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk – a. Foreign currency and b. Interest rate

The company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. A board of directors reviews and agrees policies for managing each of these risks, which summarized below:

**(i) Credit risk management**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. Customer credit risk is managed centrally by the Company and subject to established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an individual credit limits defined in accordance with the assessment.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The company does monitor the economic environment in which it operates. The company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its group Companies (i.e. 60%) and for which the management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from group companies. Further, receivables from government companies is also considered as fully recoverable and hence, no provisioning considered on such receivables.

Apart from group company and government receivables, in respect of other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicate a low credit risk. Hence, trade receivables are considered to be a single class of financial assets.

As per policy receivables are classified into different buckets based on the overdue period ranging from 6 months – one year to more than one year and one to two years.

Based on the business environment in which the company operates, management considers that the trade receivable are in default (credit impaired) if the payments are past due. There provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is provide using following rates:

| Bucket | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| All parties including government company and group company | | |
| (a) Past due not exceeding 6 months | 1.64% | 4.73% |
| (b) Past due exceeding 6 months but not exceeding 1 year | 3.27% | 9.46% |
| (c) Past due exceeding 1 year but not exceeding 3 years | 9.82% | 18.93% |
| (d) Past due exceeding 3 years | 100% | 100% |
| | | |
| Government company | NA | NA |
| Group company | NA | NA |
| Other parties past due upto three years | NA | NA |
| Other parties past due more than three years | NA | NA |
| Specific credit risk impairment on individual basis | 100% | 100% |

The movement in allowance for Expected credit loss is as follows:

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Balance at the beginning of the year | 1,759.43 | 1,009.37 |
| Add : Allowance for trade receivable which have significant increase in credit risk | (527.40) | 750.06 |
| Less : Specific credit risk impairment on individual basis | | - |
| **Balance as at the end of the year##** | **1,232.02** | **1,759.43** |

## The company has not provided for impairments of financial assets (trade and other contractual receivables) using provision matrix in accordance with the requirements of Ind AS – 109 "Financial Instruments". During the year, the company has computed cumulative effect of expected credit loss as on March 31, 2024 applying simplified approach for trade and other contractual receivables from the parties amounting to ₹ 1,232.02 million (previous year ₹ 1759.43 million).

### (ii) Liquidity risk management

## The company has not provided for impairments of financial assets (trade and other contractual receivables) using provision matrix in accordance with the requirements of Ind AS – 109 "Financial Instruments". During the year, the company has computed cumulative effect of expected credit loss as on March 31, 2024 applying simplified approach for trade and other contractual receivables from the parties amounting to ₹ 1,232.02 million (previous year ₹ 1759.43 million).

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligation associated with its Financial liabilities that are settled by delivering cash or another Financial assets.

The company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of ₹ Nil (April 1, 2023: Nil) will enable it to meet its future known obligation in the ordinary course of business. However, if a liquidity needs were to arise, the company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement.

The company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual maturity is based on the earliest date on which the company may be required to pay:

**Exposure to liquidity risk**

**As at March 31, 2024**

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | More than 5 years | Total |
| **Financial assets** | | | | | |
| **Non-current** | | | | | |
| Other financial assets | 1,065.47 | 1,065.47 | - | - | 1,065.47 |
| **Current** | | | | | |
| Trade receivable | 5,437.94 | 5,437.94 | - | - | 5,437.94 |
| Cash & cash equivalents and other bank balances | 81.81 | 81.81 | - | - | 81.81 |
| Other financial assets | 48.73 | 48.73 | - | - | 48.73 |

**As at March 31, 2023**

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | More than 5 years | Total |
| **Financial assets** | | | | | |
| **Non-current** | | | | | |
| Other financial assets | 1,299.16 | 1,299.16 | - | - | 1,299.16 |
| **Current** | | | | | |
| Trade receivable | 4,071.44 | 4,071.44 | - | - | 4,071.44 |
| Cash & cash equivalents and other bank balances | 522.17 | 522.17 | - | - | 522.17 |
| Other financial assets | 100.96 | 100.96 | - | - | 100.96 |

## 45. Financial instruments – Fair values and risk management (continued..)

### (iii) Market risk

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

### (a) Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to any borrowings.

### (b) Currency risk

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the company's operating, investing and financing activities.

### Exposure to foreign currency risk

The summary of quantitative data about the company's exposure to currency risk, as expressed in Indian Rupees, as at March 31,2024; as at March 31, 2023; are as below:

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | USD | INR | USD | INR |
| **Financial assets** | | | | |
| **Current** | | | | |
| Trade receivable | 5.31 | 442.73 | 3.94 | 323.50 |
| Cash & cash equivalents and bank balances | 0.01 | 1.17 | - | 0.00 |
| **Total financial assets** | **5.32** | **443.90** | **3.94** | **323.50** |
| **Financial liabilities** | | | | |
| **Current** | | | | |
| Trade payables | 0.01 | 1.16 | 0.02 | 1.84 |
| Other financial liabilities | - | - | - | - |
| **Total financial liabilities** | **0.01** | **1.16** | **0.02** | **1.84** |

### Sensitivity analysis

The following table details the company's sensitivity to a 5% increase and decrease in the INR against the relevant foreign currencies. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates, with all other variables held constant. A positive number below indicates an increase in profit or equity where INR depreciates 5% against the relevant currency. For a 5% weakening of INR against the relevant currency, there would be a comparable impact on profit or equity, and the balances below would be negative.

| Particulars | Increase | | (Decrease) | |
|---|---|---|---|---|
| | As at March 31, 2024 | As at March 31, 2023 | As at March 31, 2024 | As at March 31, 2023 |
| **Receivable** | | | | |
| USD/INR | 22.20 | 16.17 | (22.20) | (16.17) |
| **Payable** | | | | |
| USD/INR | (0.06) | (0.09) | 0.06 | 0.09 |

**46. Ratios**

**Current ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Total current assets | 5,769.97 | 4,862.28 |
| Total current liabilities | 4,362.22 | 4,023.12 |
| Ratio | 1.32 | 1.21 |
| **% change** | **9.44%** | **-12.19%** |
| **Reason** | **Due to Increase in Current assets as compared to last year** | |

**Debt equity ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Total debt | - | - |
| Shareholder's equity | 4,601.64 | 4,070.82 |
| Ratio | - | - |
| **% change** | **-** | **-** |

**Debt service coverage ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| EBIT | - | - |
| Total debt | - | - |
| Ratio | - | - |
| **% change** | **-** | **-** |

**Return on equity ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Net profit for the year | 404.26 | 623.27 |
| Average stakeholders' equity | 4,601.64 | 4,070.82 |
| Ratio | 8.79% | 15.31% |
| **% change** | **-42.62%** | **-291.33%** |
| **Reason** | **Due to decrease in profit during the year owing to decrease in revenue from operations** | |

**Inventory turnover ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Cost of goods sold | 134.49 | 172.29 |
| Average inventory | 21.26 | 41.06 |
| Ratio | 632.49 | 419.66 |
| **% change** | **50.71%** | **240.94%** |
| **Reason** | **Due to decrease in inventories during the year** | |

**Trade receivable turnover ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Revenue from operations | 8,426.17 | 8,944.73 |
| Average trade receivables | 4,754.69 | 3,785.38 |
| Ratio | 1.77 | 2.36 |
| **% change** | **-25.00%** | **22.23%** |

**Trade payable turnover ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Other expenses | 1,659.86 | 2,755.19 |
| Average trade payable | 990.12 | 1,026.63 |
| Ratio | **1.68** | **2.68** |
| **% change** | **-37.53%** | **89.34%** |
| **Reason** | **Due to decrease in average trade payables during the year** | |

**Net capital turnover ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Revenue from operations | 8,426.17 | 8,944.73 |
| Working capital | 1,407.75 | 839.16 |
| Ratio | 5.99 | 10.66 |
| **% change** | **-43.85%** | **85.00%** |
| **Reason** | **Due to decrease in revenue as compared to previous year** | |

**Net profit ratio**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Profit for the year | 404.26 | 623.27 |
| Revenue from operation | 8,426.17 | 8,944.73 |
| Ratio | 4.80% | 6.97% |
| **% change** | **-31.15%** | **-293.79%** |
| **Reason** | **Due to decrease in profit earned during the year** | |

**Return on capital employed**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Profit before exceptional item, finance cost & tax | 852.82 | 1,122.18 |
| Capital employed | 7,033.85 | 6,556.84 |
| Ratio | 12.12% | 17.11% |
| **% change** | **-29.16%** | **269.71%** |
| **Reason** | **Due to decrease in profit before finance cost and tax** | |

**Return on investment**

| Particular | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Income from investment | Nil | Nil |
| Closing balance of investment | Nil | Nil |
| Ratio | Nil | Nil |
| **% change** | **Nil** | **Nil** |

**1. Total debt =** Non-current borrowings + Current borrowings

**2. Earnings before interest & tax (EBIT) =** Profit before exceptional item & tax + Finance costs

**3. Cost of goods sold =** Cost of materials consumed + Purchases of stock-in-trade + Changes In inventories of finished goods and work-in-progress

**4. Working capital =** Total current assets - Total current liabilities

**5. Capital employed =** Total equity + Total non current liabilities

**6. Total equity =** Total equity excluding non controlling Interest (less) / add ( deferred tax assets) / deferred tax liability (net)

**47. Following are the details of foreign currency earned and expended by the company during the financial year**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Foreign exchange earnings | 2,174.56 | 1,960.48 |
| Foreign exchange expended (for import payments) | (150.97) | (3.03) |
| **Net foreign exchange earnings** | **2,023.59** | **1,957.45** |

**48. Corporate social responsibility**

Pursuant to the requirement of Section 135 of the Companies Act, 2013, CSR committee has been formed by the Company. The primary function of the CSR Committee is to assist the Board of Directors in formulating a CSR Policy and review the implementation and progress of the same from time to time. The CSR Policy focuses on making positive contribution to the society through high impact, sustainable programmes.

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Amount required to be spent by the company during the year | - | - |
| Amount of expenditure incurred | - | - |
| **Nature of CSR activities** | | |
| a) Construction / acquisition of any assets | - | - |
| b) On purpose other than 1 above | - | - |
| Shortfall at the end of the year / period | - | - |
| Total of previous years shortfall | - | - |
| Reason for shortfall | - | - |
| Nature of CSR activities : Contribution to PM care fund | | |

The provisions of Section 135 of the Companies Act, 2013 relating to expenditure to be done on CSR activities are not applicable to the Company in the current and previous financial year.

**49.** The company is showing Rs 137.80 million payable as on 31st March, 2024 towards employees on account of PLI consisting of Rs 66.73 million payable to Active staff and inactive staff due to non-vacation of housing colonies and non-availability of bank details respectively. Further, Rs 71.08 million has been showing as payable which will get paid on receipt of funds from Air India or AI Assets Holding Limited for which AIASL has been following up with both companies.

Air India PF Trust deposited amount into our account and same was disbursed in to their PF account accordingly. However, in respect of few cases for amounting to Rs 41.19 million who are long absenteeism case who are not contactable, their UAN number could not be created to transfer the amount in their respective PF accounts. In fact had the employees been present their UAN number could have been generated and would have transferred from PF Trust to EPFO, however, since the employees are not traceable/contactable, there is no option but to keep intact the funds available with us.

**50. Segment reporting**

The Chairman of the company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the company's performance and allocates resources based on an analysis of various performance indicators, however the company is primarily engaged in only one segment viz., "Ground handling services" and that all of the operations are in India. Hence the company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

**Disclosure of customer with more than 10% of revenue:**

| Particular | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Air India Limited | 2,786.79 | 2,845.63 |

**51. IND AS 116 clarificatory note on not considering airport spaces for lease liability**

Following the recognition exemption available under Ind AS 116, regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

In respect of other 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.

Pending evaluation these the company has not considered as ROU under Ind AS 116 , regarding short term leases, low value assets and those assets which were not covered under the previous Ind AS 17, the company has availed the same exemptions for the implementation of the new Ind AS 116.

**52. Suspension of Accounting ERP software by Software Implementor**

M/s Uniq Data Solutions Private Limited (UDSPL), implementor of accounting ERP software (Odoo) has unilaterally suspended the software on 15th Jun, 2024 (which is in complete contravention to terms of the Contract) against which Company has filed the suit against M/s UDSPL as per the conract entered with UDSPL (matter is under subjuidice).

Due to unavailability of software (not in control of the company), Company has prepared its financials after passing few closing entries manually to make the Trial Balance as final one which was downloaded from Odoo on 8th Jun, 2024 along with complete ledger accounts.

**53. Additional regulatory information required by Schedule III**

**(I) Details of benami property held**

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(iii) Compliance with number of layers of companies**

The company is in compliance with number of layers of companies.

**(iv) Compliance with approved scheme(s) of arrangements**

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(v) Utilisation of borrowed funds and share premium**

(1) The company has not advanced or loaned or invested funds to any other persons or entities, including foreign entities (intermediaries) with the understanding that the intermediary shall:
a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

(2) The company has not received any fund from any persons or entities, including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:
a. 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
b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**(vi) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(vii) Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(viii) Title deeds of immovable properties not held in name of the company**

Company does not have any immovable property.

**(ix) Transactions with stuck off companies**

There are no transactions with the stuck off companies

**(x) Any Charges**

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**54. Code on social security, 2020**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**55. Previous years figures**

Previous year figures have been regrouped/reclassified where necessary, to conform with current period's presentation for the purpose of comparability.

**As per our report of even date attached**

**For and on behalf of the Board of Directors**

**For Bansal & Co LLP**
**Chartered Accountants**
Firm Registration No: 001113N/N500079

**Sd/-**
**Amit Kumar Singh**
**Partner**
Membership No: 532180
Place: New Delhi
UDIN: 25532180BMIYVJ1477

**Place: New Delhi**
**Date: 03-01-2025**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN: 08086220

**Sd/-**
**Padam Lal Negi**
Director
DIN: 10041387

**Sd/-**
**Sandeep Malhotra**
Chief Financial Officer

**Sd/-**
**Rambabu Ch.**
Chief Executive Officer

On Sanctioned ML
**Shashi Bhadoola**
Company Secretary

# AI ENGINEERING SERVICES LIMITED

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# VISION

To provide best in class, timely quality services to the customers by maintaining the highest standards of regulatory and safety compliances.

# MISSION

**CUSTOMER**

- Maintaining aircraft of customers in a continuous state of airworthiness by a system of preventive and corrective maintenance to secure high levels of safety.
- Provide a “One Stop” solution to the customer.
- Faster Turn Around Time.
- To capture maximum market from Indian and foreign airlines.
- To synergize with the defense sector.

**PROCESS**

- To get DGCA approval under CAR 145 and 147.
- To obtain FAA and EASA approval for all establishments and facilities.
- Aggressive Marketing policy for enhanced market share.
- Continuous monitoring of Quality & Safety through regular audits.
- Constant endeavour to upgrade services, delivering highest customer satisfaction in terms of Quality, Service and Cost effectiveness and ensuring long term strategic relationships.
- All-out effort to be a world class MRO without compromising on quality standards.
- Updating and enhancing capability through training of personnel and acquiring the latest equipment.
- All round development of skilled personnel to enhance productivity.
- Optimizing operational costs.

# BOARD OF DIRECTORS



**Shri Amit Kumar**
**Chairman & Nominee Director**



**Shri Shobhit Gupta**
**Nominee Director**



**Shri Padam Lal Negi**
**Nominee Director**



**Shri Manoj Kumar**
**Nominee Director**



**Smt. Nayonika Dutta**
**Nominee Director**

# KEY MANAGERIAL PERSONNEL (KMPs)



**Shri Sharad Agarwal**
**Chief Executive Officer**



**Ms. Sakshi Mehta**
**Company Secretary**

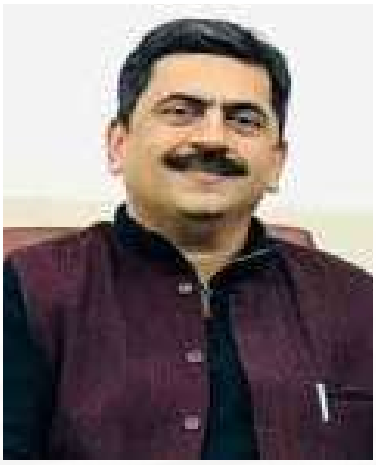


**Shri Rakesh Kumar Jain**
**Chief Financial Officer**

# SENIOR MANAGEMENT



**Shri B. Jena**
**Executive Director (Engg.)- WB**



**Shri R.S. Thakur**
**Executive Director (Engg.)- NB**



**Shri D.K.Talwar**
**Executive Director (Engg.)- HQRS.**



**Shri Nitin Asthana**
**Chief HR Officer**



**Shri Alok Agarwal**
**GM (PPMM)- HQRS.**



**Shri V.P. Prajapati**
**GM (Quality)- HQRS.**

# SENIOR MANAGEMENT



**Shri Sanjay Vaze**
**GM (WB) - WR**



**Shri Shaikh Faiyaz**
**GM (E-SS) (WB) - WR**



**Shri Sanjay Dwivedi**
**GM- Nagpur**



**Shri Vikas Laxman Khawle**
**GM (WB)-WR**



**Shri Rajesh Kumar Patidar**
**GM (E-SS)- NR**



**Shri Suresh Thiruvambalam**
**GM (WB)- NR**



**Shri Ravi Shankar Pucha**
**GM- HYD.**



**Shri Avinash Dhanorkar**
**GM- WR**

# CHAIRMAN ADDRESS



*Dear Shareholders,*

It gives me immense pleasure to present the Twentieth (20th) Annual Report of the Company for the year 2023-24. I would like to thank each one of you for making it convenient to attend this meeting.

I take this opportunity to share the performance of the company during the year:

**PERFORMANCE OF THE COMPANY**

The financial performance of your company during FY 2023-24 was as under:

- The total revenue increased from Rs. 2044.78 crores in the previous year to Rs. 2180.35 crores in the current year i.e., an increase of approx. Rs.135.57 crores (which is 7% higher than the previous year).
- The total expenditure of the company increased from Rs.1418.81 crores to Rs.1552.45 crores in the same period with an increase of approx. Rs. 133.64 crores (i.e., approximately 9% from the previous year).
- The company has earned a net profit of Rs.254.98 crores in FY 2023-24 as compared to net profit of Rs. 643.39 crores in FY 2022-23.

As regards non-financial performance, in FY 2023-24, AIESL provided Line Maintenance Services to AIL Air India express, Fly 91 and Alliance Air along with various international operators namely, Kuwait Airways, Singapore Airlines, Quikjet, Pradhan Air, Manta Aviation, M Jets International, Buddha Air, Drukair, Akasa Air.

AIESL is also providing Base Maintenance/ Engine Maintenance Services to major customers such as Air India, Air India Express, Alliance Air, IAF, Pradhaan Air, Quikjet, Fly 91, Tashi Air, Spice Jet,

Global Aerotech, Willis Lease Finance Corporation Limited (WLFC), Sojitz India Private Limited, and Vman Aviation Services.

Further, AIESL is also providing services to the lessors for the aircraft maintenance, Storage Recovery, RTS and re-delivery for various groups at Delhi and Mumbai. Services to lessor also include BSI, Engine Storage/ Preservation and other related maintenance work. Prominent lessors to which AIESL provides active services are ICBC, Jackson Square Aviation (JSA), CCB Leasing, and Aviation Capital Group.

Your company has approval from 15 foreign Civil Aviation authorities namely EASA, FAA, Qatar, Kuwait, GACA (UAE), CAA Singapore, CAA Sri Lanka, CAA Nepal, CAA Malaysia, CAA of Bangladesh, PACA Oman, CAA of Egypt, etc. AIESL has applied for approval of CAA of Brunei.

AIESL NR has undertaken capability enhancement for CFM LEAP1A engine checks and is looking forward to future demands. Similarly, in the Western Region of AIESL, agreement for Phase1 Check of Pratt & Whitney engines was completed for PW1100 engines of Airbus NEO aircraft. In Nagpur MRO, Engine Test Cell has acquired approvals from EASA & FAA for testing of GEnx & GE90 engines. The GEnx engines require a QT (Quick Turn) maintenance check, at Nagpur MRO, we have carried out 4 QT checks.

In other Regions like Southern Region and Eastern Region capability enhancement has been undertaken considering the future demands of ATRs and NEO & MAX aircraft which would be operated by Airlines in future.

**STRENGTHS**

Your Company during the last few years has developed the following expertise:

- Facilities are approved by DGCA/FAA/EASA with PAN India footprints at Major Airports, effectively one stop shop for all engineering requirements.
- Biggest player in Indian MRO in terms of Revenue, Infrastructure and Professional Manpower.
- Only MRO in India providing Heavy Maintenance Checks on Wide Body Aircrafts.
- Presence in the niche market of Engine Overhaul shop of CFM 56-5B / 7B, GE, P&W and Leap 1A/Leap 1B.
- Presence in Base Maintenance across 07 major airports across India i.e. Delhi, Mumbai, Nashik, Nagpur, Kolkata, Hyderabad, and Thiruvananthapuram.
- Presence in Line Maintenance over 101 stations at domestic and international locations
- Landing Gear Overhaul facilities for A320 and B737 Aircraft.
- Presence in Components Repair and Overhaul shops and APU overhaul shops.
- Presence in niche services like Modification/Structure Repair, NDT, Lease Rentals, Spare Support, CAMO Services, Training, etc.

- The only MRO in India with experience in handling diverse range of Aircraft models including A320 family. B737 NG / Max, B747, B777, B787 and ATRs.
- Jet Engine Overhaul facilities at 03 locations for CFM 56-5B/7B and GE Engines along with test cells.

The Government of India has introduced major benefits for the MRO industry. Some of the salient ones are:

- Resolution of issues regarding GST structure by uniformly allowing MRO import at 5% GST as against component specific duty which ranged up to 40%.
- Providing land on long-term lease to MRO facilities at airports as against short-term lease earlier. As MRO requires a long gestation period therefore, long term lease shall emerge MRO to incur CAPEX for upgradation of facilities.
- Removal of royalty charges on MRO services. Earlier, due to the royalty (with rates ranging between 10-20%), the MRO services in India becomes expensive and incompetent compared to foreign MROs.
- Procedures for grant of MRO approval have been liberalized by merging the safety and quality requirement into single regulation.

Further, the government is also working on liberalization of AME licensing procedures.

**FUTURE PLANS**

We are in touch with Batik Air, Qatar Airways, Cham Wings, Air Astra, Royal Brunei, Thai Air Asia, US Bangla, Rom Cargo, Sky Angkor Airlines etc. for Line Maintenance Support.

In the coming few months, your company will be providing Base Maintenance services to US Bangla Air and DRDO for their A319 and A320 aircraft.

Further, we are in talks with Minsheng Financial Leasing Co. Ltd. (MSFL), CDB Aviation, for aircraft maintenance and redelivery etc.

**CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FY 2023-24**

The Board has constituted a CSR Committee in compliance with the provisions of the Companies Act, 2013 and laid down the CSR Policy with the objective of making a positive contribution to society.

As per the CSR provisions stipulated in the Companies Act, 2013, AIESL has spent Rs.9.10 crores for CSR activities during FY 2023-24 by contributing the same to the Prime Minister's National Relief Fund.

**CORPORATE GOVERNANCE**

Your company follows the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), as applicable. The Company, based on self-evaluation, falls under an 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the past three

financial years 2021-22, 2022-2023 and 2023-2024. The DPE has also awarded 'Excellent' grading to AIESL for compliance of DPE Corporate Governance Guidelines during FY 2021-22 and for the FY 2022-23 and 2023-24 DPE grading is awaited.

**ACKNOWLEDGEMENT**

I, on behalf of Board of Directors, express my heartfelt thanks for the valuable assistance and guidance extended by the Ministry of Civil Aviation, DGCA, BCAS, AERA, AAI, DIAL, MIAL, AIAHL, major customers like IAF, DRDO, Air India Limited, Air India Express Limited, SpiceJet, Alliance Air Aviation Limited and other airline operators, etc. Auditors and vendors for their unstinted support. I would like to thank my colleagues on the Board for their valuable guidance and support.

I acknowledge the efforts of all employees of the Company, who are our most valuable asset. Their dedication, intellect, hard work, and deep sense of values have been the key factors for the performance of your company.

We look forward to your continued support as we enter into the era of a bright future for MRO industry where your company shall play a major role.

**Sd/-**

**Amit Kumar**

**Chairman**

# Directors' Report

Dear Members,

The Directors have pleasure in presenting their Twentieth (20th) Annual Report on business and operations including financial summary and highlights of the Company for the Financial Year ended 31st March 2024.

## 1. GENERAL INFORMATION

The Board of Directors of Air India Limited, the then parent company, in the year 2010, approved the hiving off of AI Engineering Services Limited *[formerly known as Air-India Engineering Services Limited]* (AIESL) as wholly owned subsidiary of Air India and a separate Profit Centre to cater the service towards Maintenance, Repair and Overhaul (MRO) activities of the captive load of Air India and its other subsidiaries besides the workload from 3rd Party Customer of domestic and international market.

Accordingly, Cabinet Approval was obtained in the year 2012, for operationalization of AIESL. After complying with the requirements of the various Statutory and Regulatory Authorities, final approval was obtained from DGCA to operate as an independent MRO under CAR 145, on 01-01-2015.

The name of Company was changed from "Air-India Engineering Services Ltd" to "AI Engineering Services Ltd" w.e.f. 03-08-2020.

Earlier, AIESL was the wholly owned subsidiary of Air India Limited (AI), however pursuant to the disinvestment of AI and the decision of Air India Specific Alternative Mechanism (AISAM), the entire shareholding of the AIESL was transferred from AI to AI Asset Holding Limited (AIAHL) on 12-01-2022 and consequently, AIESL has become a wholly owned subsidiary of AIAHL w.e.f. 12-01-2022.

## 2. FINANCIAL SUMMARY AND HIGHLIGHTS

The Company's financial performance during the year is given hereunder**:**

**(Rs. in crore)**

| **Particulars** | **Financial Year ended 31-03-2024** | **Financial Year ended 31-03-2023 (Restated)** |
|---|---|---|
| Total Revenue | 2180.35 | 2044.78 |
| Total Expenses | 1552.45 | 1418.81 |
| Profit (Loss) before exceptional items | 627.90 | 625.97 |
| Add: Exceptional Items | -259.50 | 233.42 |
| Profit (Loss) before tax | 368.40 | 859.39 |
| Less: Tax Expense including deferred tax | 113.41 | 216 |
| Profit after tax | 254.99 | 643.39 |
| Other Comprehensive Income | -19.26 | 1.04 |
| Total Comprehensive Income | 235.73 | 644.43 |
| Balance of profit brought forward from previous year | -941.76 | -1586.20 |
| Balance carried to Balance Sheet | -706.03 | -941.76 |

## 3. CAPITAL STRUCTURE

The authorized Share Capital of the company during the year was Rs. 1000 crores divided into 100 crore equity shares of Rs. 10 each.

The Paid-Up Share Capital of the company during the year was Rs.166,66,65,000 divided into 16,66,66,500 equity shares of Rs. 10 each.

During the year under review, there was no change in the share capital of your Company and the entire shareholding is held by AI Assets Holding Limited (AIAHL) along with its nominees.

## 4. DETAILS OF REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not revised its Financial Statements or Board Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013. However, the financial statements for FY 2022-23 have been restated in this year's report.

## 5. DIVIDEND

The Board of directors does not recommend any dividend on the Equity Shares of the Company for the FY ended 31st March 2024.

## 6. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid / unclaimed dividend for the past years, the provisions of section 125 of Companies Act 2013 did not apply.

## 7. AMOUNT WHICH THE BOARD PROPOSES TO CARRY TO RESERVES

The Board of the company has decided/proposed to carry **NIL** amount to its reserves.

## 8. MAJOR EVENTS AND SIGNIFICANT ACHIEVEMENTS DURING FY 2023-24:

During the FY 2023-24, AIESL achieved the following landmarks:

i) Facilities in Mumbai & Delhi received FAA Approval for carrying out Maintenance activity on A320 family aircraft up to 10 years check.

ii) Received EASA Approval for its state-of-the-art Jet Engine Overhaul Complex at New Delhi.

iii) Acquired EASA 145 approval to handle CFM56-5B and Leap 1A engines – Countries only facility with EASA Approval for these engines.

iv) Received authorization to perform 15000 FH or 5500 FC or 36 MO Boeing MPD task, including modification, structural inspection, and repair on B737 MAX.

v) Received CAYMAN approval for carrying out maintenance check on Ex Go Air Aircraft.

vi) Nagpur MRO facility became the first MRO to perform a C-Check on an international wide body (WB) aircraft within remarkable 15 days TAT.

vii) Inducted multiple B777 of KU Airways at the Mumbai facility for A Check.

viii) EASA has approved Quick Turn (QT) repair of GEnx Engines under B1 rating and various components of GEnx Engine under C7 rating for Engine Overhaul Facility at AIESL MRO, Nagpur.

ix) Inducted 1st Boeing 737 MAX Aircraft from one of our esteemed clients in India for 36 Month Check.

x) Successfully returned the V2500 Engine of Global Aerotech after proving support on Maintenance work and performing engine testing within a short time span.

xi) The Go-First aircraft, which had been grounded in Delhi for a year, has finally taken off to its destination. AIESL provided comprehensive end-to-end services to make this flight possible.

xii) The JEOC team successfully performed onsite AGB + TGB replacement for international airline customers.

xiii) The company became the only MRO in India with the expertise to OH the L/G of B737-800 and A320 family aircraft.

xiv) AIESL Mumbai team achieved a significant milestone in replacing landing gear of a P8I aircraft at INS Rajali within a commendable span of 6 days.

xv) AIESL Kolkata base conducted flawless C-Check for Tashi Air's Airbus A319 aircraft.

xvi) AIESL collaborated with Boeing for developing a world class training facility in India.

xvii) AIESL inducted its 1st C Check of A320 NEO under FAA Accreditation at Nagpur.

The operations of the company are divided into various regions/ bases i.e., profit centers. Their performance, significant achievements during the year and future plans are as given below:

## I. NAGPUR MRO:

The MRO property, located on 50 acres of land in Special Economic Zone of MIHAN, has been transferred from Air India Ltd to AIESL. Recently successfully completed 200+ base maintenance checks.

Performance and achievements of Nagpur MRO during the FY 2023-24 are as given below:

### A. Base Maintenance

**Regulatory Approvals:** DGCA approval for base maintenance of A320 family aircraft was extended to include A320 NEO/LEAP-1A and scope enhanced up-to '12 year' check. Nagpur-MRO has acquired DGCA KCASR Part 145 approval for Kuwait Airways on 11th September 2023.

FAA approval was extended in February 2023 for base maintenance of A320 family aircraft and the first '6 year' base check of A320 NEO was successfully completed in May 2023. With this, Nagpur base maintenance has FAA approval for Boeing 777 and Airbus A320 aircraft and DGCA approval for Boeing 777, Airbus A320 and Boeing 737.

**During FY 2023-24**

- 'C' checks (B777 aircraft) carried out – 07
  - ✓ AIL aircraft- 02
  - ✓ Foreign Customer (KU AIRWAYS)- 05
- Phase checks (B777 aircraft) carried out - 25
- Isolation & other checks (B777 aircraft) carried out - 03
- '6Y' & Package checks (A320 Family) carried out - 01

Number of checks completed during the FY 2023-24 were **36** and include 05 B777 C' Checks aircraft of foreign customer "Kuwait Airways" and successfully returned to service. A total of **207 base maintenance checks** have been completed since inception.

## B. Engine Shop

**GEnx Engine Assembly**

- Quick Turn (QT) repairs were completed on two GEnx Engines during F.Y. 2023-24.
- Total of **15 GEnx Engines** Quick Turn repairs were completed since inception.

**Engine Test Cell**

- During the year 2023-24, a total of three GEnx-1B engines were successfully tested.
- Total of 5 GEnx-1B engines were successfully tested at Nagpur Engine Shop since inception.

**On Wing Support**

- In addition to shop and test cell activities, On-Wing support is being provided to B777 aircraft undergoing base checks at Nagpur.

## C. Back Shops

### (1) Component Overhaul Division (COD)

**COD – Structural Group:**

Nagpur MRO has DGCA C20 rating for BOEING {B777-200LR/300ER (GE90), B737-700/800/900 (CFM56), B787-8(GENX)} and AIRBUS {AIRBUS A319/ A320/ A321 (CFM56-5B), A320 (V2500 SERIES)} for various processes like composite material repair, structural repair and modification, panel – fabrication and repair, cold working of fastener holes, heat treatment of alloys and alloy steels and welding of metals.

**COD – Cabin Survival Safety Equipment Group:**

Nagpur MRO also has DGCA C6, C15, C18 rating for B777-200LR/300ER (GE90), B737-700/800/900 (CFM56), B787-8(GENX) component servicing like sewing of aircraft seat cushion cover, aircraft curtains, aircraft sound proofing, zipper panels, carpet & insulation blanket, charging of oxygen cylinders, hydrostatic stress testing of compressed gas cylinder and weight check of fire extinguisher bottles.

**(2) Standards Room:**

Standards Division of Nagpur MRO has DGCA D1 rating for Ultrasonic Testing, Eddy Current Testing, Radiographic Testing, Fluorescent Particle Inspection and Magnetic Particle Inspection and provide on wing support to base maintenance.

**D. Basic 147 OJT Training**

MRO provides basic OJT Training for students of CAR 147 maintenance training institutes. Currently seven institutes have signed agreements with AIESL, Nagpur.

**E. Induction of Apprentice**

Under the Compliance of the Apprentice Act-1961, 12 apprentices were inducted in FY 2023-24.

**F. Future Plans**

- EASA approval for base maintenance of B777 and A320 family aircraft.
- Procurement of PRSV (Performance Restoration Shop Visit) tools for enhancing Engine Shop capability.
- Establishment of Battery/Accessories/ Electrical/Avionics/ IFE shops

## II. TRIVANDRUM (TRV) MRO

The TRV MRO facility consists of Base Maintenance, Line Maintenance of 21 stations - primarily servicing Air India Express' B737 aircraft and Shop Maintenance supporting oxygen charging, battery overhaul, and NDT shops. At the close of the FY 2023-24, Kerala Region was formed comprising Trivandrum MRO and 4 Line Stations of Kerala belt, namely LM-Trivandrum, Kochi, Calicut, Kannur and Agatti.

**Key Achievements of TRV MRO:**

i. Enhanced capability for major maintenance checks on A320-family aircraft up to 12 years.

ii. FAA approval for B737NG and A320 family aircraft.

iii. 6 yearly Major checks done on Air India A320 aircraft.

iv. DGCA and FAA approval for B737-700/800/900 BCF and BDSF.

v. Substantial revenues from freighter maintenance for SpiceJet.

vi. The TRV MRO facility is also gearing up to obtain EASA approval for up to 12 yearly checks for B737 and A320 Family aircraft.

**Base Maintenance Capacity and Approvals:**

i. Facility Capacity: Two aircraft can undergo major checks simultaneously, with additional capacity for two more aircraft in the open apron area.

ii. Approval: Acquired approval for major checks on A320 family aircraft for up to 12 years. The MRO has since then has carried out heavy checks on 12 Air India A320 CEO and NEO aircraft including six yearly checks under FAA certification. This is in addition to the existing for B737NG and B737 BDF / BDSF aircraft.

**Highlights of performance during the year 2023-24 are as under:**

a) Base Maintenance -TRV MRO: The activity wise details of BMD in FY 23-24 are:

i. Phase checks: 306

ii. Monthly checks: 181

iii. Yearly checks: 28

iv. C Checks: 14

b) Overhaul/ Repair Shops: The activity wise details of Overhaul Shops in FY 23-24 are:

i. Wheels (main & nose): 1415
ii. Brakes: 143

iii. Oxygen: 291

iv. Batteries: 138

c) Line Maintenance: Under the Line Maintenance Division of Trivandrum, we have handled approx. 27,831 flights of various Airlines in FY 23-24.

**TRIVANDRUM MTO**

MTO, TRV is approved under DGCA and EASA for Boeing and Airbus fleets training. The facility acquired approval for B737 Max Type difference and A320 family CEO to NEO difference course during FY 23-24 and MTO, TRV conducted 6 MAX difference courses, One B737 B1.1 type course (DGCA approved) and one B737 B2 course (DGCA & EASA approved). Apart from this, around 20 Familiarization courses conducted for MAX alone to make service engineers competent to work.

MTO, TRV also offers In-Plant Training, Internships and CAR 147 Basic school Trainings (10 colleges) with support from MRO, TRV and this brings good revenue to the company.

AIESL TRV MTO has DGCA approval for B1/B2 type training on A320, B737 NG & B737 MAX aircraft.

Additionally, the MTO TRV has EASA approval for B1/B2 type rated courses on A320, B737 NG and B777 aircraft.

The number of training courses conducted for FY 23-24 in MTO, TRV are the following:

| Sl. No. | TYPE OF COURSE | NUMBER OF COURSES | NUMBER OF CANDIDATES |
|---|---|---|---|
| 1 | OFFLINE COURSE | 79 | 973 |
| 2 | ONLINE COURSE | 87 | 1394 |
| 3 | CAR147 BASIC COURSE | 38 | 653 |

**FUTURE PLANS**

Future Operations and Capabilities:

i. Expand capabilities to include B737-8/9 MAX aircraft under DGCA and FAA approval.

ii. EASA approval for Base maintenance on B737 and A320 aircraft.

iii. Composite material/structural repair approval.

iv. Enhance COD (Component Overhaul Division) capabilities for B737-8/9 MAX and A320 NEO wheels and brakes.

v. Cabin repair and refurbishment, heat exchanger cleaning, and testing.

vi. Inclusion of MAX Training under the scope of EASA.

vii. Full SCOPE B737-MAX Approval (Process already in final stage).

viii. Enhance the MTO capability with the approvals of WIDE body aircraft including B787.

ix. Addition of 2 more classrooms and upgradation of facility.

Proposed Future Projects:

i. Build a hangar on vacant land to house one WB or two NB Aircraft including Paint Facility to augment capacity.

ii. Avionics accessories repair shop.

iii. Galley inserts repair shop.

iv. Cabin safety and survival equipment shop.

v. Construction of an NB painting hangar with an annex building for ATEC and component overhaul.

## III. JEOC (JET ENGINE OVERHAUL COMPLEX)

- JEOC, Delhi is an integral part of AIESL which contributes as a major part of its revenues in the company. The performance of JEOC, Delhi, during FY 2023-24 is as under:
  - ✓ Total no. of engines produced were 17 (07 M/s Air India, 02 M/s Air India Express, 03 engine testing of M/s Global Aerotech, and 05 M/s WLFC)
  - ✓ Production of 07 CFM 56-5B Engines as per MSA and additional work carried out including Lease return inspections, Video BSI, Nozzle change, inventory check, etc. on LEAP1A and CFM 56-5B engines.
  - ✓ Production of 02 CFM 56-5B engines of M/s Air India Express, testing of 03 V2500 Engines of M/s Global Aerotech, and Module swapping of 05 CFM 56-5B engines pertaining to M/s Willis, along with minor rectification work on components pertaining to M/s Indigo, M/s Vistara, and M/s Spice jet.

**ACHIEVEMENTS DURING THE FISCAL**

- JEOC got limited approval from SACAA (South African Civil Aviation Authority) as an Indian AMO (Approved Maintenance Organization) to carry out jobs pertaining to M/s Global Aerotech, South Africa. This will enable JEOC to target South African operators and customers to generate additional revenues.

- JEOC is continuing with the support for Indian Air Force for JT8D engines and DRDO for CFM56-5B engines generating additional revenues to the company.
- Efforts are being made to enhance the outside party jobs through consistently approaching them with our current capabilities. There is an increase of more than 100% revenue pertaining to outside parties in the year 2023 -24.
- JEOC is on the path to enhance its capabilities on CFM LEAP 1A engine through liasioning and continuous discussions with M/s SAFRAN for technical knowhow, tooling, and infrastructure requirement.
- Test Cell upgradation process has also been initiated with an aim to generate additional revenues.

**IV. MUMBAI BASE (WESTERN REGION):** The performance of the Western Region (WR) during the period is as under:

❖ **GROUP – A**

Key achievements for the Narrow Body, Western Region, Airbus Group during the 2023-24 fiscal years are summarized below:

**A. MRO CAPABILITIES of Western Region, Group A:**

➢ **Line Maintenance:**

✓ Handling 14 active Stations including Mumbai Base for Aircraft Certification.

➢ **Base Maintenance:**

✓ Base maintenance has DGCA approval for A320 (CFM & PW), A330(PW & GE) and ATR72 aircraft.

➢ **Base Maintenance Shops:**

✓ NDT Inspection/X-Ray
✓ Structure Repair shop
✓ Composites Repair shop
✓ Machine shop
✓ Painting Shop
✓ Tailoring Shop
✓ Carpentry Shop
✓ Airframe Accessories/Composites Overhaul shops
✓ Avionics Shops
  - Electrical & Overhaul Shops.
  - Instrument & Overhaul Shops.
  - Radio & Overhaul Shops.

- **Quality Assurance and Tech Services:**
  - ✓ Oil and Fuel Testing Laboratory
  - ✓ Licensing, Authorization
  - ✓ Audit, Tech. Library
- **Engineering Facilities:**
  - ✓ Upkeep and Maintenance of all Fabrication of Trestles etc.
  - ✓ Maintenance of utilities like electricity, compressed air, Central Air conditioning etc.
- **DGCA Approved Training Center -** For AMEs and Service Engineers
- **Production Planning and Material Management:**
  - ✓ Provisioning for Aircraft spare parts
  - ✓ Budgeting and control
  - ✓ Billing for outside party
  - ✓ Progress control and work order cell
  - ✓ Maintenance & Material Planning
  - ✓ Insurance/ Warranty Claim Management
- **Industrial Engineering:**
  - Engineering Performance Monitoring & Productivity Analysis.
  - Fixation of Man-hours Norms for Maintenance Activities.
  - Job costing/ Engineering Manpower Planning.
  - Productivity Improvement Measures for Shift analysis systems etc.
  - Manpower Contract Monitoring & Special Studies.
  - Regional Helpdesk (RHD) (Handling Flight Data related to various package Consist of Pre-Flight, Night-Halt, Lay-Over, Weekly, 400Flight Hours, Component Replacement (CR), Material Request (MR) in RAMCO System).
  - Tendering Process (House Keeping, Office Assistant, RAMP Vehicles & Staff Transportation Services, Handymen's Helper Services etc.).
  - AIL & AAAL Billing along with Revenue & Profitability for Western Region, Narrow Body, and Airbus Group.

❖ **Group– B**

The overview of checks completed by Group B during FY 2023-24 is as below:

Details of the checks done at Mumbai

- Total 'D' checks carried out – 0
- Total 'C' checks carried out – 15
- Total phase checks carried out – 44
- Total 'A' checks carried out – 177

- Total transit checks carried out – 2,962
- Total Foreign Airline Handling – 0864
- Total Foreign Airline Certifications – 0624
- Foreign Airline Standby/ On Call Handling – 0672

**A.** The details on No. of engines Repaired / Overhauled in EOH (Mumbai) are as under:

| Month / Year | PW4056 | CFM56-7B | GE90 | GENx | Total |
|---|---|---|---|---|---|
| Apr – 23 to Mar-24 | - | 13 | 11 | 8 * | 32 |

*Qty.1 Engine Tested in Nagpur Test Cell

The overview of checks completed by Group B during April 2024 - June 2024 is as below:
Details of the checks done at Mumbai

- Total 'D' checks carried out – 0
- Total 'C' checks carried out – 2
- Total phase checks carried out – 6
- Total 'A' checks carried out – 46
- Total transit checks carried out – 718

**B.** The details on No. of APU Repaired / Overhauled in EOH (Mumbai) are as under:

| Month / Year | 131-9B | 331-500B | APS 5000A | PWA 901A | Total |
|---|---|---|---|---|---|
| Apr – 23 to Mar-24 | 5 | 6 | 3 | -- | 14 |

**C.** Third Party Work done during the period is as under:

| | |
|---|---|
| KUWAIT AIRWAYS | Aircraft Check " A" |
| Indian Navy | Floor Board |
| Specter Air | Replacement Of LPT |
| Reliance CDL | Differed Maintenance Task & Painting of Cowl |
| The Bombay Flying Club | B777-300 ER Ceiling Panel Weighing Removal & Reinstallation at Mumbai & Delhi |
| Tata SIA Airlines Ltd | Borescope Inspection of ESN 956853 & 'C' Check, Inventory Check |
| Serve Air Limited FZCO | Line Maintenance Task as Per AMM Task 79-00-00-200-804 At Cango |
| ACE Aviation VIII Ltd | Borescope Inspection of Engine RH & LH |
| SNV Aviation Pvt. Ltd. | Technical Manpower & Maintenance Work & Eddy Current on Engine No.2 |
| Spice Jet Ltd. | LH & RH Main Landing Gear |
| The Boeing Company | P8I Landing Gear Removal & Installation in Rev C At Rajali |
| AerSale | Parking Of B747 Run Up Bay, Ampower & MRO Services |

| | |
|---|---|
| ARC | Carrying Out NDT Inspection Of Giii A/C G-2961 |
| The Boeing Company | Maintenance MRP Task On IHOSs Aircraft K7066 & K7067 |
| China Airlines | Technical Assistance At Mumbai On AOG Basis |
| Spice Jet Ltd. | Swapping Of LPT Module |
| Lufthansa Air | Hangar Space & Run Up Bay |
| SNV Aviation Pvt. Ltd. | FPI of Engine /Airframe parts |

During the current year, as a major step towards integration, AIESL moved entire NB resources and approvals to WB side.

## V. DELHI BASE (NORTHERN REGION)

**Major events in the Northern Region (Group – A) during the Financial Year 2023-24 are as under:**

- A total Number of **5074** Third Party Certifications (Parties other than AI & group companies/AAAL/IAF) of Group–A aircraft were carried out at Delhi and its outstations.

- **Major Check activity at Base Maintenance:**

  At Base Maintenance, NR, the number of checks carried out on Airbus fleet of Air India, during 2023-24 is as follows:

  - 1A-Checks - 57
  - 2A-Checks - 54
  - 3A-Checks - 53
  - 4A Checks - 53
  - Packages(P1-P25) - 01
  - Engine Change Activity - 98
  - 6 Yearly check - 0
  - 12 Yearly Check - 0
  - 1B Check - 8
  - 2B Check - 1
  - 1C Check - 11
  - Major Structural Repair on Aircraft - 8

Additional Jobs Done: Weighment, Engine Trim Balancing, VBV snags, Detergent Water-wash, Rudder fitting Mod, FOAM WASH ETC TOTAL 372

**Major events in the Northern Region (Group – B) during the Financial Year 2023-24 are as under:**

- Total Number 9833 Transit Checks were carried out on B787/B777 flights.

- **Major Check activity at Base Maintenance:**

At Base Maintenance, NR- Group – B, the number of checks carried out on Boeing fleet of Air India, during 2023-24 is as follows:

- B787 A-Checks - 155
- B777 A-Checks - 233
- B777 150 Days Checks - 03

## VI. HYDERABAD BASE (SOUTHERN REGION):

Highlights of performance during the year 2023-24, are as under:

AIESL MRO at Hyderabad is at the forefront in Aircraft Maintenance service with its state-of-the-art and youngest MRO in the AIESL network. The Regional Head Office at Hyderabad is responsible for Engineering Services rendered to Tamil Nadu, Kerala, Karnataka, Telangana, Andhra Pradesh, Lakshadweep and for International Flights from these states. We provide best-in-class, timely and quality services to customers by maintaining the highest standards of regulatory and safety compliance.

AIESL Hyderabad has base maintenance capability for A320 (V2500, CFM56 & LEAP) and ATR72 types of aircraft.

Also offer specialized services like A320 Engine change, Borescope inspection of Engines, Ram Air Turbine Test, Magnetic Particle & Fluorescent Particle Inspection, NDT, ET & UT.

### a) Highlights of maintenance activity carried out in S/Region

➢ **Line maintenance activity in S/Region:**

| A320 Family Aircraft | | | ATR72-600 Aircraft | | |
|---|---|---|---|---|---|
| Transit | - | 25871 | Transit | - | 10734 |
| Night Halt | - | 1736 | Night Halt | - | 7 |
| Lay Over Insp. | - | 1127 | Lay Over Insp. | - | 1150 |
| Weekly Insp. | - | 612 | Weekly Insp. | - | 307 |
| 400FH Insp. | - | 15 | 400FH Insp & Higher Check * | - | 51 |
| | | | BSI | - | 30 |

**Note:**

- "1" Engine Change of ATR72-600 carried out in LM, BLR.
- Total No. of Engineering Certification of Clients (Air Asia Berhad / Air Vistara/ Indian Air force (AB)/Kuwait/Royal Nepal/ Qatar/ Scoot tiger Air) included in the transit Check.
- "71" Technical handling/Headset Support Services details excluded in the above table.
- * - A & it's multiple/Yearly/4000FH & 8000FH Checks.
- AOG support provided to various foreign airlines (Air Asia Berhad, Malaysian Airlines etc).
- Hyderabad extends its manpower support to carry out A320F 6 yearly & Higher checks at TRV & NAG base of AIESL.

➢ **Major Check activity at Shamshabad hangar, Hyderabad:**

At Base Maintenance, HYD, the number of checks carried out during 2023-24 is as follows:

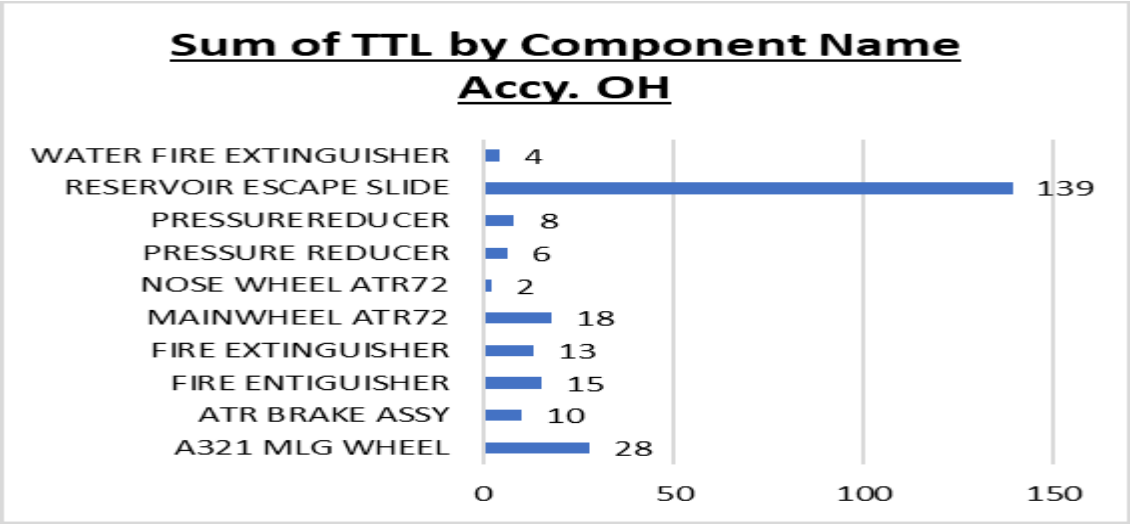
| ATR FLEET | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Type Of Checks** | Layover Checks | Weekly check | A1 to A9 (except A4/A8) | A4/A8 | 400 Hrs check | "C" Check | 1 Yearly check | 2 Yearly check | 4 Yearly check | 4000 Hrs Check | Engine Change | BSI |
| **Total No of checks C/o** | 3 | 11 | 11 | 3 | 1 | 2 | 2 | 2 | 1 | 5 | 7 | 1 |

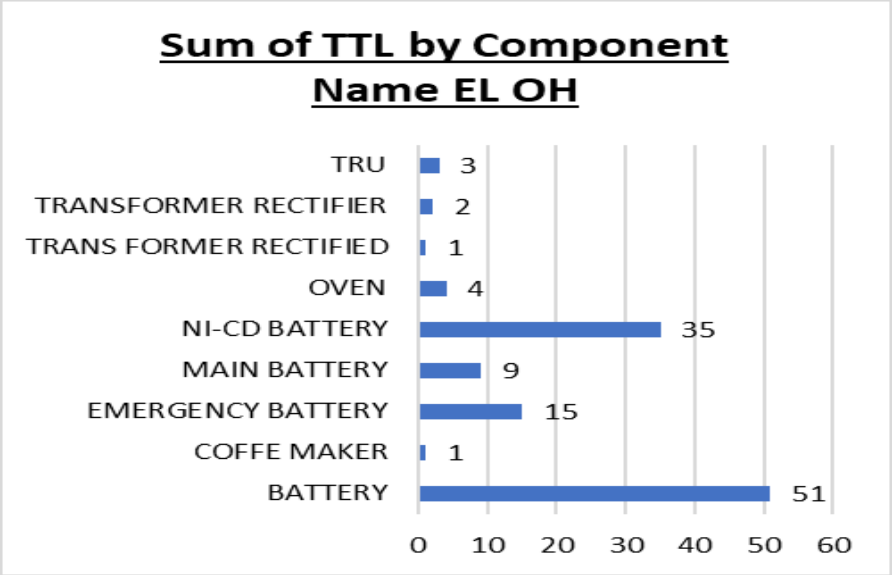
➢ **Production report on Overhaul shops at Hyderabad:**

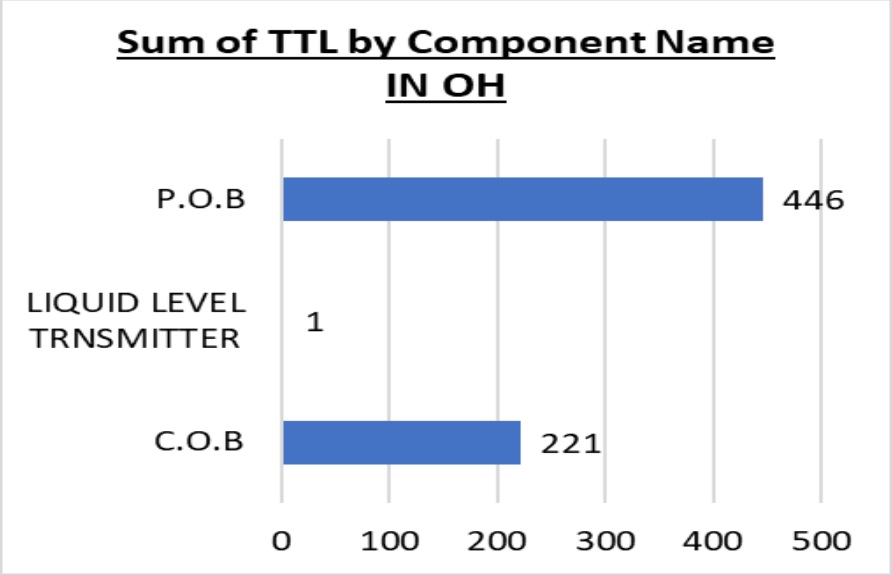
The number of Components Serviced at Overhaul shops at AIESL, HYD for FY 2023-24 is as follows:

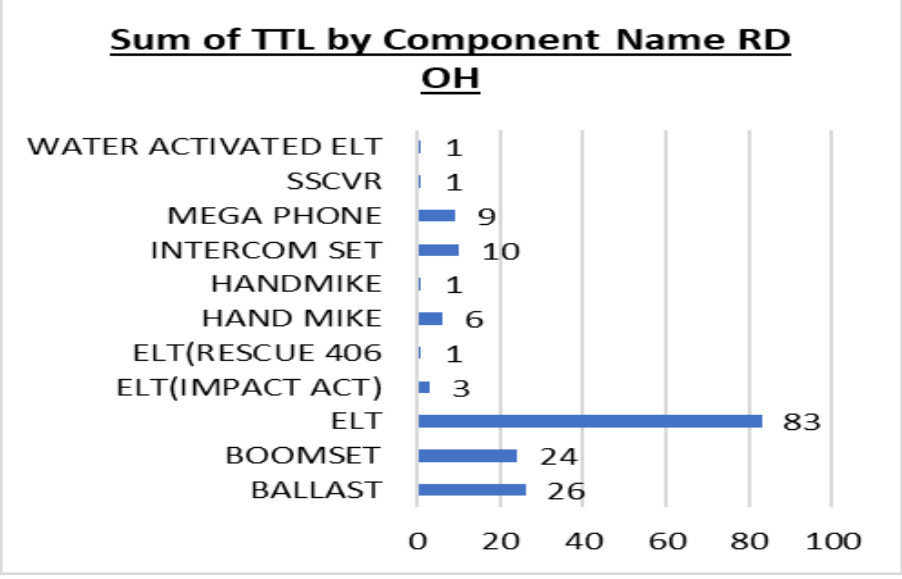
- Accy. OH Shop - 243
- Electrical OH Shop - 121
- Instrument OH shop - 1173
- Radio OH Shop - 760

**Component Wise Breakup for Each OH Shop (Graphs)**




Sum of TTL by Component Name EL OH
TRU 3
TRANSFORMER RECTIFIER 2
TRANS FORMER RECTIFIED 1
OVEN 4
NI-CD BATTERY 35
MAIN BATTERY 9
EMERGENCY BATTERY 15
COFFE MAKER 1
BATTERY 51
0 10 20 30 40 50 60


Sum of TTL by Component Name IN OH
P.O.B 446
LIQUID LEVEL TRNSMITTER 1
C.O.B 221
0 100 200 300 400 500


Sum of TTL by Component Name RD OH
WATER ACTIVATED ELT 1
SSCVR 1
MEGA PHONE 9
INTERCOM SET 10
HANDMIKE 1
HAND MIKE 6
ELT(RESCUE 406 1
ELT(IMPACT ACT) 3
ELT 83
BOOMSET 24
BALLAST 26
0 20 40 60 80 100

**b) Future Plans:**

- **Capability Enhancement of Hyderabad for B737 (NG & MAX) and A321 NEO (Both Line Maintenance and Base Maintenance)**

The capability enhancement of Hyderabad MRO & LM for B737 (NG & MAX) and A321 NEO is in the final stages. Details of these enhancements are as follows:

**(i) BASE MAINTENANCE**

- **B737-700/800/900(CFM 56)**

  Up to 48000FH Or 50000FC Or 12 Years MPD Tasks Including Modifications, Structural Inspection & Repair

- **B737-7/8/9 INCLUDING 8200(CFM LEAP-1B)**

  Up to 15000FH or 5500FC or 36months MPD tasks including modifications, structural inspection & repair

- **A321 (CFM LEAP-1A)**

  Up to 18000FH or 14400FC or 6 years (72months) MPD tasks including out of phase inspections (OOPS) along with modification, structural inspection & repair

**(ii) LINE MAINTENANCE**

- **B737-7/8/8200/9 (CFM LEAP-1B)**

  Up to 12000FH/5500FC/36 months MPD tasks including modification and structural inspection

These capability enhancements will significantly add value in terms of revenue to AIESL and enable it to serve a larger number of clients, catering to the increasing workload in the MRO industry in India.

## VII. KOLKATA BASE (EASTERN REGION)

Highlights of performance during the year 2023-24 were as under:

### A. Line Maintenance:

- Certification of Airbus Flights (AI) at the base and outstations:
  - Preflight at CCU - 4332
  - Lay Over Inspection - 546
  - Weekly Inspection - 275
  - 400FH Inspection - 23
  - Night Halt PF - 783
  - PF at Outstations (Domestic) - 7039
  - PF/TC at Outstations (International) - 1309
- Certification of Wide body (AI) Aircraft at base:
  - Preflight - 11
- Certification of B737 (AIX) Aircraft at base & Outstations:

- Preflight/Transit at CCU - 117
- Weekly Inspection at CCU - 05
- Preflight/Transit at Outstations - 867

➢ Certification of ATR flights at the base & outstations:

- Transit Checks - 8777
- Night Halt - 19
- Lay Over Inspection - 1150
- Weekly Inspection - 227
- BSI - 03
- 400FH Check - 09

➢ Technical Certification provided to Client Airlines:

Engineering Certification of Client Airlines Aircraft (A320 family A/c) of M/s Air Vistara, M/s Air Asia, M/s Biman Bangladesh & M/s Singapore Airlines, M/s Air Aisa Berhad are provided at various Stations & CCU in Eastern Region.

**B. <u>Major Check activity at Base Maintenance:</u>**

➢ At Base Maintenance, CCU, the number of checks carried out on A320 Family Aircraft B737 & ATR42/72 Aircraft during 2023- 24 is as follows:

<u>A320 Family (Major Checks) in 2023-24 at BM, ER</u>

- A-Checks - 37
- 3A- Check - 03
- 2A-checks - 18
- 4A-Checks - 05
- C1+C2 Check - 01
- Packages(P1-P31) - 08
- Packages (B1/B2) - 04
- Bridge Task - 02
- AIL Tasks - 08
- ARC - 04
- BSI - 20
- Engine Change - 14

<u>ATR 42/72 (Major Checks) in 2023-24 at BM, ER</u>

1) 1A to 10A Check - 16
2) C Check - 01
3) Yearly Check - 17

| | | | |
|---|---|---|---|
| 4) | 4R2/4R4 Check | - | 04 |
| 5) | 4000FH Check | - | 02 |
| 6) | 5000FH Check | - | 03 |
| 7) | 10000FH Check | - | 01 |
| 8) | 400FH Check | - | 03 |
| 9) | ARC | - | 01 |
| 10) | BSI | - | 20 |
| 11) | Engine Change | - | 06 |
| 12) | Layover Check | - | 04 |
| 13) | Weekly Check | - | 04 |
| 14) | Landing gear change | - | 01 |

B737 Max (Major Checks) in 2023-24 at BM, ER

1) A Check - 01
2) 500FH Check- 01

**C. AIESL earned revenue by:**

i. providing training facilities to outside agencies at ETS, Kolkata.

ii. providing APU service & components of IAF.

**D. Production of Overhaul Shops:**

The number of components serviced at Overhaul shops AIESL, ER is as follows:

| | | | |
|---|---|---|---|
| i. | Airframe Accy OH Shop | | |
| | Aircraft Components | - | 289 |
| | Life Jackets | - | 2665 |
| ii. | APU & Engine OH Shop | | |
| | No. of APUs produced | - | 11 |
| iii. | Electrical OH Shop | - | 194 |
| iv. | Instrument OH shop | | |
| | Aircraft Components | - | 457 |
| | (Including data conversion/readout etc.) | | |
| | No. of calibration | - | 1515 |
| v. | Radio OH Shop | - | 296 |

**MAJOR ACHIEVEMENTS DURING THE FY 2023-2024**

**During FY 2023-24 Capability enhanced in the following Activity area at ER:**

**1. Base Maintenance:**

a) ATR 42-500 (PWC PW120) Up to 4C check / 36000 FC / 15 yearly MPD Tasks and multiples including out of phase task, modifications, Structural inspection and repair.

b) B737-700/800/900 (CFM56) Up to 48000 FH/ 36000 FC/ 12 Years MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair.

c) B737-7/8/9 including 8200 (CFM LEAP-1B) Up to 15000 FH/ 5500 FC/ 3 Years MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair.

**2. Line Maintenance:**

a) ATR 42-500/ 600 (PWC PW120): A Check and its multiple, MPD tasks up to 5000 FH/ 5000 FC/ 2 years including Out of Phase Tasks, Modifications, Structural Inspection & Repair

b) B737-700/800/900 (CFM56): Up to 15000 FH/ 5500 FC/ 36 Months MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair

c) B737-7/8/9 INCLUDING 8200 (CFM LEAP-1B): Up to 15000 FH/ 5500 FC/ 36 Months MPD tasks and multiples including out of phase tasks, modifications, Structural inspection & repair.

**3. APU Shop:**

a) Honeywell APU 131-9A Oil Cooler (P/N: 160494-1) Overhaul & Testing (LEVEL 2)

**4. Battery Shop:**

a) Aircraft Battery (P/N: 505CH2, 2726CH1, 024147-000, 40178-24, 416526/285CH) Overhaul, Repair, Inspection, Modification, Testing (LEVEL 3).

**5. Airframe Shop:**

a) Honeywell Heat Exchanger (P/N: 2340356 Series)- Cleaning, Inspection & Testing (LEVEL 2).

## VIII. OVERSEAS OPERATIONS:

### A. KATHMANDU

AIESL through its Branch Office at Kathmandu is providing Line Maintenance Services to Air India Ltd and TATA SIA for their A320 Fleet. AIESL is already having one office in the Terminal Building and has signed agreement with M/s Buddha Air for space on the airside for smooth operation of Line Maintenance. Initially, we do have the capability for A320 and there is huge scope for catering the Line Maintenance of B737 fleet. Oman Air and Air Asia has already shown their interest in us for Line Maintenance. Presently AIESL is handling approx. 39 flights/week.

We have also hired one consultant at KTM to meet the taxation and other finance-related requirements.

### B. SAIFZONE

AIESL has set up its branch office in Sharjah (SHJ) in 2017 for providing Line Maintenance services to AI and AIX aircraft. Further, AIESL has extended its flight handling operation at

Dubai and Ras-AL Khaima. The AIESL UAE operation has become profitable in its second year of operation.

Based on the potential business at MALE, AIESL is also planning to open a Branch Office at MALE (Maldives) for providing Line Maintenance Services.

## 9. IMPLEMENTATION OF OFFICIAL LANGUAGE

In accordance with the Guidelines issued by the Department of Official Language (OL), Ministry of Home Affairs, all efforts are being made by all the departments of the Company for implementation of the Official Language policy of Govt. of India.

Implementation of Official Language Policy is being done in AIESL.

## 10. IMPLEMENTATION OF RESERVATION POLICY

Reservation Policy was implemented as per relevant guidelines of the Government.

## 11. COMPLIANCE WITH RTI ACT, 2005

Nodal Officers/CPIO/Appellate Authorities have been appointed in all the four Regions and at Corporate Office, as per the provisions of the Act. The details of RTI applications during the year 2023-24 are as under:

- No. of RTI Applications received during the year: 34
- No. of RTI Applications disposed off during the year:34
- No. of RTI Applications pending as on the end of FY: NIL

## 12. DISCLOSURE UNDER PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The provisions of the Act have been implemented in the company and necessary actions are being taken in line with guidelines received from time to time to prevent Sexual Harassment of Women at workplace.

An Internal complaints committee has been put in place as per Section 4 of the Act. In terms of Section 22 of the Act, the details of sexual harassment cases filed, if any, in the Company during the financial year, is as under:

- Number of complaints of sexual harassment received in the year: 01
- Number of complaints disposed off during the year: 01
- Number of cases pending for more than ninety days: NIL
- Number of workshops or awareness programmes carried out in connection with prevention of sexual harassment: 6
- Remedial measures taken by the company: Various training programmes were conducted, and the employees were sensitized with respect to various provisions of the Act and policies.

## 13. MSME COMPLIANCE

It always has been endeavour of AIESL to support Micro and Small Enterprises (MSEs) and local suppliers. AIESL has taken a number of steps including implementation of Public

Procurement Policy issued by the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2023-24 was Rs. 2580.20 lakh.

## 14. MANAGEMENT

### 14.1 DIRECTORS AND KEY MANAGERIAL PERSONNEL

The details regarding the constitution of Directors of the Company during FY 2023-24 are as given below:

| S. No. | Name | Designation | Date of appointment | Date of cessation |
|---|---|---|---|---|
| 1. | Shri Satyendra Kumar Mishra | Director *(Elected as Chairman w.e.f. 01-03-2023 till 01-01-2024)* | 02-02-2017 | 01-01-2024 |
| 2. | ****Shri Asangba Chuba Ao | Director *(Elected as Chairman w.e.f. 01-01-2024)* | 01-01-2024 | -- |
| 3. | Shri Padam Lal Negi | Director | 18-01-2023 | -- |
| 4. | *Smt. Parama Sen | Woman Director | 11-02-2022 | 12-12-2023 |
| 5. | *Shri Rahul Jain | Director | 12-12-2023 | 14-05-2024 |
| 6. | ***Smt. Nayonika Dutta | Woman Director | 12-02-2024 | -- |

* In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 12-12-2023, Shri Rahul Jain, Joint Secretary (JS), DIPAM, has been nominated on the Board of AIESL vice Smt. Parama Sen w.e.f. 12-12-2023. In view of this, the following changes took place on the Board of AIESL:

*Smt. Parama Sen ceased as Nominee Director from the Board of AIESL w.e.f. 12-12-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/02/2023-24 dated 13-12-2023 had appointed Shri Rahul Jain as the Nominee Director on the Board of AIESL w.e.f. 12-12-2023 and passed the requisite resolution on 13-12-2023.*

** Further, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 02-02-2024, Shri Asangba Chuba Ao, Joint Secretary (JS), MoCA, has been nominated on the Board of AIESL vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024. In view of this, the following changes took place on the Board of AIESL:

*Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 01-01-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/03/2023-24 dated 07-02-2024 had nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AIESL w.e.f. 01-01-2024 and passed the requisite resolution on 07-02-2024 till any further instruction from the MoCA/Holding Company.*

*** Also, in pursuance of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08-02-2024 regarding the constitution of the Board of subsidiaries of

AIAHL inter alia AIESL, considering the requirement of one-woman director on the Board of the company as per Companies Act and to ensure that quorum is available for the functioning of the Board, the Boards of Subsidiaries of AIAHL are reconstituted and the below change took place on the Board of AIESL:

*Smt. Nayonika Dutta, Joint Director, MoCA had been appointed as Nominee Director on the Board of AIESL w.e.f. 12-02-2024 (i.e. from the date she obtains her Director Identification Number).*

**** Thereafter, in terms of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 14-05-2024 read with OM dated 08-02-2024 and order dated 26-02-2024 issued by MoCA, the following changes took place on the Board of AIESL:

*Shri Rahul Jain ceased as Nominee Director from the Board of AIESL w.e.f. 14-05-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/01/2024-25 dated 27-05-2024 had appointed Shri Shobhit Gupta w.e.f. 25-05-2024 and Dr. Alok Pande w.e.f. 16-05-2024 as the Nominee Director(s) on the Board of AIESL (i.e. from the dates they have obtained their respective Director Identification Number) and passed the requisite resolution on 27-05-2024. Also, Shri Asangba Chuba Ao, being CMD-AIAHL, holds only one position as Nominee Director on the Board of AIESL w.e.f. 14-05-2024 and continued to be the Chairman, in his ex-officio capacity, on the Board of the Company, for Board and General Meetings till any further communication from MoCA/AIAHL.*

***** Further, in terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar has been appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) w.e.f. the date of his assumption of charge of the post till the date of his superannuation i.e., 30-06-2027 or until further order, whichever is earlier, the following changes took place on the Board of AIESL:

*Shri Amit Kumar, CMD-AIAHL, appointed as Nominee Director and Chairman, in his ex-officio capacity, on the Board of AI Engineering Services Limited ('the Company') w.e.f. 13-03-2025 i.e. from the date he obtained his Director Identification Number (DIN) and Shri Asangba Chuba Ao ceased from the Board of the Company w.e.f. 11-03-2025.*

The Board placed on record its appreciation for the valuable services rendered by Shri Satyendra Kumar Mishra & Shri Asangba Chuba Ao as Chairman in their respective tenures, Smt. Parama Sen and Shri Rahul Jain as Nominee Directors on the Board and Board Level Committees of the Company during their tenure.

**KEY MANAGERIAL PERSONNEL (KMP):**

| S. No | Name | Designation | Date of appointment | Date of cessation |
|---|---|---|---|---|
| 1. | Shri Sharad Agarwal | CEO | 01-05-2022 | - |
| 2. | Shri Rakesh Kumar Jain | CFO | 20-05-2022 | - |
| 3. | Ms. Sakshi Mehta | Company Secretary | 09-11-2021 | - |

## 14.2 NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2023-24, five Board Meetings were held through video conferencing

as per the provisions of the Companies Act, 2013, Companies (Meetings of Board and its Powers) Rules, 2014, DPE (Corporate Governance) Guidelines 2010 and exemption provided by the Ministry of Corporate Affairs in this regard. As per Section 173 of Companies Act, 2013, the details of Board meetings are given below:,

| S No. | Meeting | Date of Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|---|
| 1. | 84th | 09-06-2023 | 3 | 3 |
| 2. | 85th | 05-09-2023 | 3 | 2 |
| 3. | 86th | 04-12-2023 | 3 | 2 |
| 4. | 87th | 20-12-2023 | 3 | 2 |
| 5. | 88th | 11-03-2024 | 4 | 3 |

**14.3 BOARD COMMITTEES:**

The Company has the following Committees of the Board:

a) Audit Committee

b) Corporate Social Responsibility (CSR) Committee

**A. Audit Committee**

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee was originally constituted in March 2016 with the approval of the Board of Directors adopting the terms of reference and reconstituted the same from time to time when there is any change in the Directors nominated by the holding company / Administrative Ministry. Further, the Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIESL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

**Composition of committee:**

As on 31-03-2024, the following were the Members of the Audit Committee, in ex officio capacity:

| Particulars of Directors | Position held in the Committee |
|---|---|
| Shri Padam Lal Negi, JS&FA, MoCA | Chairman |
| Shri Asangba Chuba Ao, CMD, AIAHL & JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM | Member |

The Board has accepted the recommendations of the Audit Committee.

**B. Corporate Social Responsibility (CSR) Committee**

In compliance with the requirements of Companies Act 2013, the Board originally constituted a CSR Committee on 08-11-2019. However, subsequent to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) by its various OMs issued from time to time, AIESL Board

also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time in compliance with the applicable provisions.

As on 31-03-2024, the CSR Committee consisted of the following members, in ex officio capacity:

| Particulars of Directors | Position held in the Committee |
|---|---|
| Shri Asangba Chuba Ao<br>CMD, AIAHL & JS, MoCA | Chairman |
| Shri Padam Lal Negi<br>JS&FA, MOCA | Member |
| Shri Rahul Jain<br>JS, DIPAM | Member |

The other details pertaining to the Audit Committee & CSR Committee are included in the Corporate Governance Report, which forms part of this report. Also, the Annual Report on CSR Activities for F.Y. 2023-24 is enclosed with this report.

## 14.4 COMPANY'S POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

### APPOINTMENT POLICY:

AIESL is a wholly owned subsidiary of AI Assets Holding Limited. As per Article 96 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by AI Assets Holding Limited / Administrative Ministry, who will prescribe the period for which they will hold office as director and may remove them and appoint others in their places and fill in any vacancy that may occur.

### REMUNERATION POLICY:

Section 197 in respect of remuneration to directors of the Company is not applicable to AIESL being a Government Company, vide Notification No.G.S.R.463(E) dated 05-06-2015, issued by the Ministry of Corporate Affairs. No remuneration is paid to the Directors of the Company. The remuneration paid to the KMPs is disclosed in the 'Annual Return'.

## 14.5 PERFORMANCE EVALUATION

Pursuant to notification No.G.S.R.463(E) dated 05-06-2015 issued by the Ministry of Corporate Affairs, the statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors is not applicable to the Company, being a Government company.

## 14.6 DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

(a) In the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures.

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and

fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period.

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities.

(d) The Directors have prepared the Annual Accounts on a going concern basis.

(e) Company being unlisted sub clause (e) of section 134(3) is not applicable.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 14.7 INTERNAL FINANCIAL CONTROLS

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the 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, which is commensurate with the operations of the Company.

The Company has appointed an independent firm of Chartered Accountants as Internal Auditors to ensure that the Company's systems and practices are designed with adequate internal controls to match the size and nature of operations of the Company.

Further, the company is in the process of strengthening the internal control process so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, and user departments.

## 14.8 DISCLOSURE REGARDING FRAUDS

There was no fraud reported by the Auditor to the Audit Committee or to the Board.

## 15. STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTORS U/S 149(6)

Not Applicable as the Company do not have any Independent Director during the Financial Year 2023-24.

Further, AIESL is an unlisted public company and a wholly owned subsidiary of AI Assets Holding Limited and as per the Ministry of Corporate Affairs Circular dated 5th July 2017, an exemption has been given to unlisted wholly owned subsidiary companies from appointing Independent Director.

## 16. DETAILS OF MATERIAL CHANGES OR COMMITMENTS AFFECTED FROM THE DATE OF CLOSE OF THE FINANCIAL YEAR TILL THE DATE OF THIS REPORT

No material changes or commitments were affected from the date of close of the financial year.

## 17. DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The Company does not have any Subsidiary, Joint venture or Associate Company.

## 18. DETAILS OF DEPOSITS

The Company has not accepted any public deposit during the year ended 31st March 2024 as covered under the provisions of Section 76 of the Companies Act, 2013 read with the Companies (Acceptance of Deposits) Rules, 2014.

## 19. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The particulars of loans, guarantees and investment, if any, have been disclosed in the financial statements.

## 20. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All contracts/arrangements/transactions entered into by the Company during the financial year with the related parties were in the ordinary course of business and on an arm's length basis.

The omnibus approval of the Audit Committee and the Board was taken for entering into transactions with AI Assets Holding Limited (AIAHL) and other Group companies (AAAL, AIASL & HCI) for providing MRO related services up to the specified limits during FY 2023-24. The details of Related Party Transactions in form AOC-2 are attached, which forms part of this report.

There was no material related party transaction with the Company's Directors, Management, or their relatives, which could have had a potential conflict with the interests of the company.

## 21. DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having a threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The company has spent Rs.91.00 million (out of which Rs.2,600/- was pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2) for CSR activities during FY 2023-24 by contributing the same to the Prime Minister's National Relief Fund, i.e. 2% of average net profit during the immediately preceding three financial years as per the approval of the Board. The same has also been certified by the Chief Financial Officer (CFO) of the company which is enclosed with this report.

## 22. PARTICULARS OF EMPLOYEES & INDUSTRIAL RELATIONS

| | |
|---|---|
| Executives | : 443 |
| Staff | : 4874 |
| Total | : 5317 |
| Technical out of the above were | : 4330 |

Employees on deputation from other subsidiaries: Nil

Employees on deputation to other companies: Nil

## 23. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

**(A) Conservation of Energy & Technology absorption:** Your Company has made all efforts wherever possible for the conservation of non-renewable sources of energy and utilizing alternative sources of energy.

- AIESL has shifted to LED lighting in its hangars at Mumbai and Delhi for the purpose of conservation of non-renewable energy.
- AIESL has installed LED lighting in its Jet Engine Overhaul Complex at Delhi for the purpose of conservation of non-renewable energy.
- AIESL has installed solar panels at its MRO facility in Nagpur for the purpose of utilizing alternate sources of energy. These are used for providing clean energy for individual streetlights and warm water for washrooms.

**(B) Foreign currency exchange differences between earnings and Outgo**

| Particulars | Amount in INR |
|---|---|
| **Earnings** | 979.58 Millions |
| **Outgo** | 2147.71 Millions |

## 24. RISK MANAGEMENT

A comprehensive Risk Management Policy with the vision to manage and mitigate the risks pertaining to the Company was formulated and approved by the Board of Directors in its 74th meeting held on 06-01-2022. The policy is available at the Company's website link https://www.aiesl.in/RiskManagementPolicy.aspx

We understand that the aviation Maintenance, Repair, and Overhaul (MRO) sector is quite challenging due to its dynamic and uncertain nature. Our primary focus is on ensuring safety, reliability, and operational excellence. We are actively engaged in managing potential risks to maintain operational safety, protect our reputation, and uphold the trust of our stakeholders.

We are dedicated to identifying, assessing, and mitigating risks to ensure our position as a trusted leader in the aviation MRO industry. Risk owners are responsible for ensuring risks are current, complete, and included in planning, management, and control processes. They evaluate potential variances in forecast results and manage risks and opportunities through mitigation measures. AIESL has successfully navigated various risks through proactive measures and strategic initiatives.

AIESL's comprehensive risk management framework ensures that all potential risks are identified, assessed, and managed effectively. Through proactive measures, regulatory compliance, and strategic marketing efforts, AIESL is well-positioned to mitigate risks and capitalize on opportunities for sustainable growth.

We express our gratitude to our dedicated team and stakeholders for their support in upholding the high standards of risk management.

## 25. MATERIAL ORDERS OF REGULATORS

No significant and material orders have been passed by the regulators or courts or Tribunals impacting the going concern status and company's operation in future during the year.

## 26. DETAILS OF ESTABLISHMENT OF VIGIL MECHANISM

Provisions of Section 177(9) relating to establishment of Vigil Mechanism for directors and employees, to report genuine concern, are not applicable to the Company.

However, the Vigilance Department of the holding company i.e., AI Assets Holding Limited (AIAHL) covers the Vigilance function of subsidiary companies of AIAHL including AIESL.

## 27. AUDITORS

### STATUTORY AUDITORS

The Comptroller & Auditor General of India (CAG) had appointed M/s AAJV & Associates, Chartered Accountants, as Statutory Auditors of the Company for the FY 2023-24.

The Auditors' Report along with Management's replies thereon are attached**.**

The notes on financial statements are self-explanatory and need no further explanation.

### SECRETARIAL AUDITOR

Your Company had appointed M/s Saurabh Agrawal & Co., Company Secretaries, as Secretarial Auditor to conduct the Secretarial Audit of the Company for FY 2023-24. The Secretarial Audit Report given by the Secretarial Auditor and management replies / comments thereon, if any, are enclosed with this report.

### INTERNAL AUDITOR

M/s S.N. Kapur & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for FY 2023-24.

## 28. COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA (C&AG)

The comments of Comptroller and Auditor General (C&AG) of India on the Financial Statements for the year ending 31st March 2024, have not been received as on the date of the report. However, the same upon its receipt, and management replies thereon, if any, would be annexed with the financial statements in the Annual Report for FY 2023-24.

## 29. COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of Companies Act, 2013, were complied with by your Company to the extent applicable.

## 30. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016:

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

## 31. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one-time settlement of Loans taken from Banks and Financial Institutions.

## 32. ANNEXURES TO THE REPORT:

The following certificates / reports etc. are annexed and form an integral part of this report:

### A. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is enclosed to this Report as **'Annexure – A'.**

### B. REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance is enclosed to this Report as **'Annexure – B'**.

### C. EXTRACT OF ANNUAL RETURN

In compliance with the provisions of Section 92(3), Section 134(3) of the Companies Act, 2013 read with Rule 12(1) of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the year ended 31-03-2024 will be available on the website of the Company i.e., https://www.aiesl.in/AnnualReturn.aspx

### D. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

During FY 2023-24 the related party transactions were with the holding company and other group companies, and were approved in terms of the Companies Act, 2013. The details of Related Party Transactions in form AOC-2 are enclosed in this report as **'Annexure – C'**.

### E. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The CSR Policy, Annual Report on CSR Activities and CSR utilization certificate by CFO for the F.Y 2023-24 is enclosed as **'Annexure – D', 'Annexure – E' & 'Annexure – E-1'** respectively.

## 33. ACKNOWLEDGEMENTS

The Board sincerely acknowledges the support and guidance received from Air India Limited, AI Assets Holding Limited, Ministry of Civil Aviation, Comptroller and Auditor General of India, Ministry of Corporate Affairs, Statutory Auditors, Internal Auditor and Secretarial Auditor during the year and various other agencies.

Your Board of Directors take this opportunity to record their appreciation of the continuous support and contribution from all the employees of the Company. Your Board of Directors also takes this opportunity to convey their gratitude and sincere thanks for the cooperation

and assistance received from the Shareholders during the period under report. The Board of Directors acknowledges your confidence and continued support and looks forward to the same in the future as well.

**For and on behalf of the Board of Directors**
**of AI Engineering Services Limited**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN: 11001643**

**Date: 14-05-2025**
**Place: New Delhi**

**'ANNEXURE – A'**

# MANAGEMENT DISCUSSION & ANALYSIS REPORT

## ANALYSIS OF FINANCIAL PERFORMANCE:

### Revenue

Total revenue earned during FY 2023-24 was Rs. 2180.35 crores as against Rs 2044.78 crores during FY 2022-23 i.e., an increase of approx. Rs. 135.57 crores (7.00%).

### Expenditure

The total expenditure incurred during FY 2023-24 was Rs. 1552.45 Crores as compared to the previous year's figure of Rs 1418.81 Crores (restated), i.e., an increase of approx. Rs. 133.64 crores (9.00%).

## INDUSTRY ANALYSIS

### Overview

The Indian Maintenance, Repair, and Overhaul (MRO) industry is a crucial segment of the aviation sector, providing essential services to ensure the airworthiness of aircraft. With the rapid expansion of the aviation industry in India, the MRO sector has seen significant growth. However, it faces challenges such as high import duties on spare parts, limited infrastructure, and competition from global MRO hubs.

### Market Size and Growth

- **Market Size (2023):** The Indian MRO market was valued at approximately USD 1.7 billion in 2023.
- **Projected Growth:** The market is expected to grow at a CAGR of 10% to reach USD 4.33 billion by 2030.
- **Fleet Growth**: India's commercial aircraft fleet is expected to grow from around 700 aircraft in 2023 to over 1,200 by 2030.

### Key Drivers

- **Rising Air Traffic:** Increasing passenger traffic and cargo movement boost the demand for MRO services.
- **Expansion of Fleet:** Major airlines expanding their fleets, requiring more maintenance and overhaul services.
- **Government Initiatives**: Policies such as the UDAN scheme and the National Civil Aviation Policy (NCAP) 2016 promote regional connectivity and support the MRO industry.
- **Cost Advantage**: Lower labor costs in India compared to global MRO hubs offer a competitive edge.

**Challenges**

- **High Taxation**: Import duties on spare parts and equipment can be as high as 18%, making it costlier to operate in India.
- **Infrastructure**: Limited MRO infrastructure and facilities in comparison to established global hubs like Singapore and Dubai.
- **Regulatory Hurdles**: Complex regulatory requirements can delay operations and increase costs.
- **Skilled Workforce:** Shortage of skilled MRO professionals can hamper service quality and efficiency.

**Recent Developments**

- **Policy Reforms**: The Indian government reduced GST on MRO services from 18% to 5%, effective from April 2021, to make Indian MRO services more competitive globally.
- **Infrastructure Expansion**: New MRO facilities are being developed in Bengaluru, Hyderabad, and Delhi to cater to the growing demand.
- **Technological Advancements**: Adoption of digital technologies like predictive maintenance, IoT, and AI to enhance efficiency and reduce downtime.

**Future Outlook**

- **Investment Opportunities**: Increased private and foreign investments in the MRO sector due to favorable policies and growing market potential.
- **Technological Integration**: Greater integration of advanced technologies to improve service offerings and operational efficiency.
- **Sustainability Focus**: Emphasis on sustainable practices and green technologies to meet global environmental standards and attract eco-conscious clients.

**Aircraft MRO**

The Asia Pacific maintenance, repair, and operations (MRO) market is expected to witness robust growth in the forecast period due to the growing adoption of professional services. The region is considered a manufacturing hub for spare parts that are then supplied to other countries, owing to its cost-effectiveness, thus providing a great boost to the growth of the maintenance, repair, and operations (MRO) industry. In addition, the market is expected to witness a significant demand due to standardization of equipment and services within critical manufacturing operations. Industry reports identify India as the seventh-largest civil aviation market in the world. It is set to become the world's third largest by 2026, representing a significant expansion scope for MRO facilities in India. About 90 percent MRO requirements in India are currently met through imports. India's indigenous MRO sector is in a nascent stage but carries a significant growth potential. The sector's growth will mainly be fueled by a growing aviation industry (expected to generate nearly 90,000 jobs and save about US$ 2 billion in foreign exchange). Dependence on foreign MROs is likely to continue until the domestic MRO industry catches up with its foreign counterparts in terms of size and certified breadth of services.

**Market Trends**

The Indian MRO industry size is expected to increase from US$ 1.7 billion in 2021 to US$ 4.0 billion by 2031, at a compound annual growth rate (CAGR) of 8.9 percent against the expected global CAGR of 5.6 percent. With more than 1,000 aircraft currently on order, the country is likely to become the third-largest buyer of commercial passenger planes in the world, only after the US and China. This translates into demand for 200–300 major maintenance checks annually. Replacing ageing aircraft in the fleets of several airlines also creates scope for MRO to meet redelivery contracts. India is also poised to become a large defence aircraft market, propelling demand for military MRO capabilities as well.

From the lens of the aviation industry, three main initiatives would contribute immensely to drive sustainable growth of the MRO sector:

Becoming MRO integrators by taking the lead in setting up MRO facilities in the country. In addition, MRO players could leverage relationships with aircraft OEMs & international airlines to establish robust MRO infrastructure.

Consider revising & streamlining workforce certification to comply with regulation of the US's Federal Aviation Authority & European Union Aviation Safety Agency. This will facilitate the entry of new people into industry & boost talent availability.

Despite the pandemic leaving a considerable dent in global aviation, the opening up of the skies in recent weeks has offered hope to the airline sector. The industry is hopeful of a steady revival.

With the sector beginning to open up, hope hinges for the global Commercial Aircraft Maintenance Repair and Overhaul (MRO) market, which was badly impacted by grounding of aircraft and airlines shelving most MRO activity.

Industry sources now indicate that the Global MRO sector is looking to record a steady expansion at a rate of 6% over the seven-year period from 2022 to 2029, globally and in India the sector is expected to grow even faster at around 8.9%.

Over the last decade, Southeast Asia has emerged as a key player in the expanding state-of-the-art aviation infrastructure, which came up in several countries like Singapore, Malaysia, and Indonesia.

MRO players from Singapore have established themselves as dominant players in the industry over the years and have managed to brace the Covid-19 impact with minimal setbacks. Following the success of Singapore in the industry, players from countries, like Indonesia, Malaysia, and Thailand are trying to replicate the success of Singaporean players and are also developing their MRO capabilities.

Currently Singapore is leading the aircraft MRO market in Southeast Asia. The aviation sector has emerged as the major contributor to the development of the Singaporean economy. Despite its relatively small size, Singapore has been one of the fastest-growing aviation markets in the region over the years, driven by the huge tourist inflow and growing business travel into the country. A lesson that India is waiting to follow with the thrust to the domestic MRO sector.

Despite Indian aviation growing steadily in the last twenty years, India lacks proper MRO facilities for various reasons, the most significant being the high taxes imposed on the provision of MRO

services in India. 90% of the Indian MRO work is outsourced to countries like Singapore, UAE, Sri Lanka, and others. Indian MROs are left vying for the remaining 10%.

The steady rise promises a significant expansion scope for MRO facilities in India. The sector's growth will mainly be fueled by a growing aviation industry. Analysts say, "Dependence on foreign MROs is likely to continue until the domestic MRO industry catches up with its foreign counterparts in terms of size and certified breadth of services".

Reports say that the Indian MRO industry size estimated at USD 1.7 billion in 2021 is likely to cross USD 4 billion by 2030. With over a 1,000 aircraft currently on order, the country is likely to become the third-largest buyer of commercial passenger planes in the world, only after the US and China. The industry says that this shall create a demand for 200–300 major maintenance checks annually. Replacing ageing aircraft in the fleets of several airlines also creates scope for MRO to meet redelivery contracts.

**Competitive Landscape**

The Indian MRO industry is highly competitive, with players competing on factors such as price, quality, and turnaround time. The domestic players are facing increasing competition from the foreign players, who have a technological advantage and are able to offer a wider range of services.

However, the domestic players have a number of advantages over the foreign players, including:

- Better understanding of the Indian market
- Stronger relationships with Indian airlines
- Lower labor costs

The Indian government is supportive of the domestic MRO industry and has taken a number of steps to promote its growth, such as reducing the GST on MRO services from 18% to 5% in 2020.

Overall, the competitive landscape of the Indian MRO industry is dynamic and evolving. The domestic players are facing increasing competition from the foreign players, but they have several advantages that can help them to compete effectively.

At present, India outsources 90 percent MRO services to countries such as Singapore, UAE, and Sri Lanka. An MRO ecosystem in the country is needed to cater to the rising number of civil and defense aircraft and optimize turnaround time. Moreover, with many aircraft parts especially safety-related equipment falling under the Dangerous Goods (DG) category, the need to keep such product maintenance within India boosts demand for MRO services in the country. India will reap many benefits from a competitive MRO sector. Airlines will be able to save on fuel and logistic costs, and conserve foreign exchange. Indian lessors will be able to offer competitive prices on wet leases, supporting the country's efforts to develop aircraft financing and leasing. India is trying to develop this sector by notifying aircraft leasing and aircraft financing in the International Financial Services Centre (IFSC) at GIFT City. Finally, creating an MRO ecosystem will benefit the economy by creating job opportunities. There are 8 major players operating in the Indian MRO Market including AI Engineering Services Ltd, Air Works India (Engineering) Pvt. Ltd, Deccan Charters Limited, Indamer Aviation Pvt. Ltd, Max MRO Pvt Ltd, Taj Air, Bird ExecuJet and GMR Aero Technic Ltd. With these 8 players capturing a major chunk of the market and AIESL having the highest of the total revenue generated, the market nature has been concentrated. Most of these players provide line maintenance, heavy maintenance, and component overhaul. AIESL is the only

player extending full-fledged engine overhaul facility in India. AIESL is the market leader, followed by Air Works, which has the second highest share in the market revenue. Air Works has a global presence however provides MRO services only in India.

The prominent players in the aircraft engine MRO market are Lufthansa Technik, Rolls-Royce Holding PLC, Raytheon Technologies Corporation, General Electric Company, and Safran SA. The major engine MRO providers are entering into long-term partnerships or forming joint ventures to grow their engine MRO customers. The regional jet, which is a small aircraft with usually less than 150 seats, is observing heightened demand for short-haul flights within a certain area, country, or continent. Reportedly, regional aviation surpassed 700 billion available seat kilometers of annual air traffic globally. Regional aviation is known to have shown the strongest traffic in the last two decades. It has been speculated that regional airports and smaller passenger aircraft will be in high demand after the Covid-19 pandemic due to the rise of tier-2 & tier-3 cities, urbanization, and migration of the population away from metro cities. On account of these factors, the regional jets segment in the commercial aircraft MRO market will capture a sizeable share of around 10% by 2027.

**Engine MRO:**

The Aircraft Engine MRO Market size is estimated at USD 40.15 billion in 2024, and is expected to reach USD 54.68 billion by 2029, growing at a CAGR of 6.37% during the forecast period (2024-2029). Asia-Pacific has experienced a significant growth in the total aircraft fleet over the past decade which has increased the demand for engine MRO services. This has resulted in several MRO service providers from the US and Europe establishing their maintenance facilities in this region. Also, in order to reduce the overseas maintenance cost, several airlines have partnered with engine MRO service providers to develop in-house capabilities.

The global & Asia- Pacific Aircraft Engine MRO market growth is driven by the resuming of grounded aircraft after 2020 and expected future delivery of aircraft.

The Indian aerospace industry is one of the fastest growing aerospace markets in the world. With a long history spanning six decades, the country has an excellent pool of resources matching global standards. India’s liberalized economy offers sound opportunities for international companies that look to outsource manufacturing as well as maintenance, repair, and overhaul (MRO) activities. While forecasters predict that engines will remain the largest and fastest-growing sector of the commercial jet MRO business over the next decade, the market is becoming increasingly competitive and its dynamics more complicated. Aero-engine OEMs have targeted the aftermarket for well over a decade and have captured a large portion of the MRO business. This trend is set to continue and will make life harder for other MRO providers.

The key players of global aircraft engines MRO market are GE Aviation (US), Rolls-Royce (UK), Pratt & Whitney (US), Lufthansa Technik (Germany), Safran Aircraft Engines (Paris), SIA Engineering Company (Singapore), Air France Industries KLM Engineering & Maintenance (France), MTU Aero Engines (Germany), ST Aerospace (Singapore) and Delta TechOps (US).

**OEM Domination in Engine MRO:**

Aero-engine manufacturers have offered the business model using utilization-based selling, i.e., availability-based contracts. This has allowed OEMs to expand their core business as manufacturers to MRO service providers. OEM MRO now supports all the operational requirements of the aeroengine. This situation results in shifting risks and uncertainties to the service provider from

customers. Many approaches have been conducted to minimize risks and uncertainties, such as enhanced sensor technology application regarding health monitoring and prognosis in real time. This data is then utilized to take the advantages from condition-based philosophy of maintenance. Through this philosophy, OEMs have secured their position in the aftermarket MRO service provision.

**INDIAN MILITARY AERO-ENGINES MRO CANVAS:**

Hindustan Aeronautics Limited (HAL) is the only real Indian player in the domain of engines, whose engine division has a long history of licensed production of various imported designs. Considering the fleet replacement programmes, modernization strategies and aircraft upgrade projects of the Indian Air Force coupled with increasing defence expenditure, the Indian military aircraft engines market is poised to grow year-on-year. Some of the major engine procurement programmes in the near future will be for the Avro, An-32, LCA Tejas, AMCA and this entails procurement of around 3400 to 4000 engines. The Indian Armed Forces are embarked on the largest helicopter procurement programmes and their requirements aim at strengthening the military helicopter assets through the procurement of 1000 plus rotary-wing platforms including attack, utility, multi-role, and airlift platforms by the end of 2027.

**OPPORTUNITIES AND THREATS:**

According to IATA India is expected to become the third-largest aviation market by 2026. Accelerated vaccination drive, along with a higher rate of economic activity, soared India's domestic air passenger traffic in July 2021 on a year-on-year basis. In July 2021, India's domestic air passenger volume by Revenue Passenger Kilometers (RPK), was one of the highest amongst major aviation markets, such as Australia, Brazil, China, Japan, Russia, and the US. The RPK growth in the country increased by 123 per cent in July 2021 compared with that in July 2020. Demand for aircraft repair services and maintenance will also go up.

India's MRO industry is estimated at US$ 1.7 billion in size in 2021. It is expected to reach US$ 4.0 billion by 2031 at a CAGR of 8.9 per cent.

Engine maintenance is the most lucrative of the four MRO industry segments (airframe, engine, component, and line) and engines and airframes constitute 50–55 per cent of the work by value.

**POTENTIAL OF THE MRO SECTOR**

Potential of the MRO Sector in India:

The Maintenance, Repair, and Overhaul (MRO) sector in India is poised for significant growth, driven by the expanding civil aviation market, government initiatives, and increasing demand for aircraft maintenance services.

Market Size and Growth

The Indian MRO industry was valued at approximately USD 1.7 billion in 2021 and is projected to grow at a compound annual growth rate (CAGR) of 8.9%, reaching around USD 4.0 billion by 2031. According to CRISIL Ratings, India's annual MRO revenue could grow more than threefold to USD 55-60 billion by fiscal 2028, up from roughly USD 18 billion.

Key Drivers of Growth

Expanding Aviation Market:

India is the seventh-largest civil aviation market globally and is expected to become the third largest by 2026. This growth will drive demand for MRO services to support the increasing number of aircraft .

The country has more than 1,000 aircraft on order, making it a significant market for commercial passenger planes and consequently increasing the need for major maintenance checks.

Government Initiatives:

The Indian government has reduced the Goods and Services Tax (GST) on MRO services from 18% to 5%, providing a boost to the domestic MRO sector .

Policy reforms, such as amending the definition of the “place of supply” of services and aligning the dividend distribution tax regime, are expected to further support the sector’s growth by attracting foreign investments and retaining skilled labor.

Cost and Talent Advantages:

India offers significant cost advantages due to lower labor costs and a large talent pool of skilled professionals. However, many of these professionals currently work abroad, and incentivizing their return is crucial for the sector’s development .

Challenges and Opportunities

While the Indian MRO sector holds immense potential, it faces several challenges, including the need to reduce dependence on foreign MRO services, resolve tax anomalies on imports of materials and tools, and develop adequate infrastructure and capabilities domestically. Addressing these issues will be critical to realizing the sector’s full potential.

**ENVIRONMENTAL PROTECTION AND CONSERVATION, TECHNOLOGICAL CONSERVATION, RENEWABLE ENERGY DEVELOPMENT, FOREIGN EXCHANGE CONSERVATION**

The Company has always considered energy saving and technology absorption as an important goal and high priority has been accorded to the same during the year under review. Further, the details pertaining to foreign exchange have been provided in the Directors’ Report.

**DISCLOSURES PERTAINING TO CORPORATE SOCIAL RESPONSIBILITY**

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having a threshold Net Worth of ₹500 crores or Turnover of ₹1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. The company has spent Rs.91.00 million (out of which Rs.2,600/- was pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2) for CSR activities during FY 2023-24 by contributing the same to the Prime Minister’s National Relief Fund, i.e. 2% of average net profit during the immediately preceding three financial years.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System commensurate with the size, scale, and complexity of its operations. The company has in place adequate internal financial controls to ensure the efficient conduct of its business. Further, M/s S.N. Kapur & Associates were appointed as Internal Auditors for the financial year 2023-24.

## CAUTIONARY STATEMENT:

Statements made in the Management Discussion and Analysis may be forward-looking statements. Actual results may differ materially from those expressed or implied. The discussions on Business environment & industry scenario as also future outlook, wherever mentioned, is based on information and analysis available in print or electronic media, views expressed by experts and relied upon by the management. The important factors that could make a difference to what is stated, expressly or implied include economic conditions, domestic as well as global like demand and supply forces operating in the market, policies, rules, and regulation of government as amended from time to time including tax laws and other statues as well as other incidental factors having impact on the business environment.

**For and on behalf of the Board of Directors**

**of AI Engineering Services Limited**

**Sd/-**

**Amit Kumar**

**Chairman**

**DIN: 11001643**

**Date: 14-05-2025**

**Place: New Delhi**

**'ANNEXURE – B'**

# CORPORATE GOVERNANCE REPORT

## 1. Company's Philosophy on Code of Corporate Governance

The Company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attaining the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

## 2. Board of Directors

AI Engineering Services Limited (AIESL) is a Public Sector Undertaking and a wholly owned subsidiary of AI Assets Holding Limited (AIAHL), a Government of India Undertaking. Its directors are appointed by the holding company / administrative ministry. The administrative ministry, i.e., The Ministry of Civil Aviation (MoCA), had reconstituted the Board of AIESL from time to time. Accordingly, the composition of the Board as on 31-03-2024 is given below:

### a) Composition of Board as on 31st March 2024

| S. No. | Name of Director | Designation |
|---|---|---|
| 1. | Shri Asangba Chuba Ao<br>Chairman & Managing Director (CMD), AI Assets Holding Limited and Jt. Secretary (JS), Ministry of Civil Aviation | Chairman &<br>Nominee Director |
| 2. | Shri Padam Lal Negi<br>Jt. Secretary & Financial Adviser (JS&FA), Ministry of Civil Aviation | Nominee Director |
| 3. | Shri Rahul Jain<br>Joint Secretary, Department of Investment and Public Assets Management (DIPAM) | Nominee Director |
| 4. | Smt. Nayonika Dutta<br>Joint Director, Ministry of Civil Aviation | Nominee Director (Woman Director) |

*In pursuance of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 12-12-2023, Shri Rahul Jain, Joint Secretary (JS), DIPAM, has been nominated on the Board of AIESL vice Smt. Parama Sen w.e.f. 12-12-2023. In view of this, the following changes took place on the Board of AIESL:

*Smt. Parama Sen ceased as Nominee Director from the Board of AIESL w.e.f. 12-12-2023. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/*

*CS/10/02/2023-24 dated 13-12-2023 had appointed Shri Rahul Jain as the Nominee Director on the Board of AIESL w.e.f. 12-12-2023 and passed the requisite resolution on 13-12-2023.*

**Further, in terms of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 02-02-2024, Shri Asangba Chuba Ao, Joint Secretary (JS), MoCA, has been nominated on the Board of AIESL vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024. In view of this, the following changes took place on the Board of AIESL:

*Shri Satyendra Kumar Mishra ceased as Nominee Director and Chairman from the Board of AIESL w.e.f. 01-01-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/03/2023-24 dated 07-02-2024 had nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AIESL w.e.f. 01-01-2024 and passed the requisite resolution on 07-02-2024 till any further instruction from the MoCA/Holding Company.*

***Also, in pursuance of the Office Memorandum (OM) issued by the MoCA vide file No. 17046/56/2019-AI dated 08-02-2024 regarding the constitution of the Board of subsidiaries of AIAHL inter alia AIESL, considering the requirement of one-woman director on the Board of the company as per Companies Act and to ensure that quorum is available for the functioning of the Board, the Boards of Subsidiaries of AIAHL are reconstituted and the below change took place on the Board of AIESL:

*Smt. Nayonika Dutta, Joint Director, MoCA had been appointed as Nominee Director on the Board of AIESL w.e.f. 12-02-2024 (i.e. from the date she obtains her Director Identification Number).*

****Thereafter, in terms of the Office Memorandum (OM) issued by the Ministry of Civil Aviation (MoCA) vide file No. 17046/56/2019-AI dated 14-05-2024 read with OM dated 08-02-2024 and order dated 26-02-2024 issued by MoCA, the following changes took place on the Board of AIESL:

*Shri Rahul Jain ceased as Nominee Director from the Board of AIESL w.e.f. 14-05-2024. Further, AIESL Board vide its Resolution by circulation having Ref. No. AIESL/HQ/CS/10/01/2024-25 dated 27-05-2024 had appointed Shri Shobhit Gupta w.e.f. 25-05-2024 and Dr. Alok Pande w.e.f. 16-05-2024 as the Nominee Director(s) on the Board of AIESL (i.e. from the dates they have obtained their respective Director Identification Number) and passed the requisite resolution on 27-05-2024. Also, Shri Asangba Chuba Ao, being CMD-AIAHL, holds only one position as Nominee Director on the Board of AIESL w.e.f. 14-05-2024 and continued to be the Chairman, in his ex-officio capacity, on the Board of the Company, for Board and General Meetings till any further communication from MoCA/AIAHL.*

*****Further, in terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide file No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar has been appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL) w.e.f. the date of his assumption of charge of the post till the date of his superannuation i.e., 30-06-2027 or until further order, whichever is earlier, the following changes took place on the Board of AIESL:

*Shri Amit Kumar, CMD-AIAHL, appointed as Nominee Director and Chairman, in his ex-officio capacity, on the Board of AI Engineering Services Limited ('the Company') w.e.f. 13-03-2025*

*i.e. from the date he obtained his Director Identification Number (DIN) and Shri Asangba Chuba Ao ceased from the Board of the Company w.e.f. 11-03-2025.*

The Board placed on record its appreciation for the valuable services rendered by Shri Satyendra Kumar Mishra & Shri Asangba Chuba Ao as Chairman in their respective tenures, Smt. Parama Sen and Shri Rahul Jain as Nominee Directors on the Board and Board Level Committees of the Company during their tenure.

During the year, all meetings of the Board and the Shareholders were chaired by the Chairman of the Company.

**b) Appointment & Remuneration of Directors**

AIESL being a wholly owned subsidiary Company, the appointment of its directors is done by the holding company/ Administrative Ministry. The company does not have any whole-time director.

The Nominee (part-time) Directors do not receive any remuneration from the Company.

The Company does not have a policy of paying performance linked incentives to any of the Directors of the Company. Government Companies have been exempted from formulating policy relating to remuneration of Directors required under section 178 of the Companies Act.

The Company has not introduced any Stock Option Scheme.

**c) Meetings of Board and attendance during FY 2023-24:**

i) Five Meetings of the Board were held during the financial year 2023-24 as per the details given below:

| S No. | Meeting | Date of Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|---|
| 1. | 84th | 09-06-2023 | 3 | 3 |
| 2. | 85th | 05-09-2023 | 3 | 2 |
| 3. | 86th | 04-12-2023 | 3 | 2 |
| 4. | 87th | 19-12-2023 | 3 | 2 |
| 5. | 88th | 11-03-2024 | 4 | 3 |

ii) Leave of absence was granted in terms of section 167(1) (b) of the Companies Act, 2013.

iii) Details of attendance of the Directors at the Board Meetings held during FY 2023-24 and in the last Annual General Meeting (AGM):

| Name of the Director | Academic Qualification | No. of Board Meetings during 2023-24 | | Attended last AGM & Adjourned AGM | | Details of other Companies | |
|---|---|---|---|---|---|---|---|
| | | Held (during their respective tenures) | Attended | 21-12-2023 | 27-03-2024 (Adjourned AGM) | Directorships in companies | Memberships held in Committees |
| Shri S.K. Mishra,<br>Director (from 02-02-2017 to 01-01-2024)<br>*[AIESL Board had nominated and elected Shri S.K. Mishra as Chairman of the Board w.e.f. 01-03-2023 and consequently become the Chairman of CSR Committee*<br>*w.e.f. 13-03-2023 till*<br>*01-01-2024]* | M. Tech (Applied Geology)<br>M.A. (Public Policy), IRS (IT:1990) | 4 | 4 | YES | N.A. | **Chairman & Managing Director:** 1<br>AIAHL w.e.f. 01-03-2023<br>**Chairman:** 4<br>w.e.f. 01-03-2023 [AIESL , AIASL, AAAL &<br>HCI]<br>**Director:** 3<br>[AIAHL (w.e.f. 22-01-2018), AIESL (w.e.f. 02-02-2017) & AIASL (w.e.f. 02-02-2017)] | **Chairman:** 5<br>A. CSR Committee: 2 [AIESL (w.e.f. 13-03-2023) & AIASL (w.e.f. 14-03-2023)]<br>B. HR Committee: 1 (AAAL)<br>C. Flight Safety Committee: 1 (AAAL)<br>D. Nomination & Remuneration Committee: 1 (AIAHL)<br>**Member:** 6<br>A. Audit Committee:4 [AIAHL, AIESL, AIASL & AAAL]<br>B. CSR Committee: 2 [AIESL (before 13-03-2023) & AIASL (before 14-03-2023)] |
| Smt. Parama Sen, Woman Director (from 11-02- 2022<br>till 12-12-2023) | MSC Physics, IA&AS (1994) | 3 | 1 | N.A. | N.A. | **Director:** 4<br>[AIAHL, AIESL, AIASL & NFHCL] | **Member:** 5<br>A. Audit Committee: 2 [AIESL & AIASL]<br>B. CSR Committee:2 (AIESL & AIASL)<br>C. Nomination & Remuneration Committee (NRC): 1 [AIAHL] |
| Shri Padam Lal Negi, Director<br>(w.e.f. 18-01-2023) | IDAS 1992,<br>MA (Pol. Science) & MA (Sociology) | 5 | 5 | YES | YES | **Director:** 7<br>[AAI, AIAHL, AIESL, AIASL, PHL, IREDA & SECI] | **Chairman: 3**<br>Audit Committee:3 [AIAHL, AIESL & AIASL]<br>**Member:** 2<br>CSR Committee: 2 [AIESL & AIASL] |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Shri Asangba Chuba Ao<br><br>(w.e.f. 01-01-2024 to 11-03-2025) | MA (Eng Litt.) & MA (Pub. Adm) | 1 | 1 | N.A. | YES | **Chairman & Managing Director:** 1<br>AIAHL w.e.f. 01-01-2024<br><br>**Chairman** 4 w.e.f. 01-01-2024 [AIESL, AIASL, HCI, AAAL]<br><br>**Director:** 6 [PHL, Rohini Heliport Limited, AAAL (w.e.f. 18-01-2023), AIAHL, AIESL, AIASL] | **Chairman: 3**<br>Audit Committee: 1 [AAAL]<br>CSR Committee: 2 [AIESL & AIASL]<br>**Member: 7**<br>A. Audit Committee: 2 [AIESL & AIASL]<br>B. Nomination & Remuneration Committee: 2 [AIAHL, PHL]<br>C. HR Committee:1 (AAAL)<br>D. Stakeholders Relationship Committee: 1 [AIAHL]<br>E. Flight Safety Committee:1 (AAAL) |
| Shri Rahul Jain (from 12-12-2023 to 14-05-2024) | CA, IAS | 2 | 0 | YES | No | **Director: 6** [AIAHL, AIESL, AIASL, NFHCL, ITC Limited, NLMCL] | **Member: 7**<br>Audit Committee: 2 [AIESL, AIASL]<br>CSR Committee: 2 [AIESL, AIASL]<br>Nomination & Remuneration Committee: 1 [AIAHL]<br>Stakeholders Relationship Committee:1 [AIAHL]<br>Body of persons acting as Administrator/ Board of Advisers: 1 [NFHCL] |
| Smt. Nayonika Dutta (w.e.f. 12-02-2024) | Master's Degree in Economics | 1 | 1 | N.A. | YES | **Director: 3** [AIESL, AIASL, AAAL] | **NIL** |

**Notes:**

1. The number of Directorships is within the maximum limit of 20 Companies (out of which maximum 10 public companies) under the Companies Act, 2013.

2. Directors are not related to each other.

3. Directors do not have any pecuniary relationships or transactions with the Company.

4. The number of committee memberships of directors is within the maximum limit of ten including the permitted limit of five chairmanships under the DPE Corporate Governance Guidelines, 2010 (DPE Guidelines). Only the Audit Committee is to be counted for the said limit.

5. Full names of Companies referred:

   a) AAI – Airport Authority of India

   b) AIESL – AI Engineering Services Limited

   c) AIASL – AI Airport Services Limited

   d) AAAL – Alliance Air Aviation Limited

   e) HCI – Hotel Corporation of India Limited

   f) NFHCL – National Financial Holdings Company Limited

   g) PHL – Pawan Hans Limited

   h) SECI – Solar Energy Corporation of India Limited

   i) IREDA – Indian Renewable Energy Development Agency Limited

   j) RHL – Rohini Heliport Limited

   k) NLMCL – National Land Monetization Corporation Limited

**3. Board Procedures:**

Meetings of the Board were generally held at the registered office of the Company or at the office of the holding company, i.e., AIAHL situated at Safdarjung Airport in New Delhi through video conferencing (VC). The meetings are generally scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The agenda for the meeting is prepared by concerned officials / CEO and approved by Chairman of the company. Board papers are generally circulated in advance to Board members. The members of the Board have access to all information and are free to recommend the inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board Meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention to the affairs of the Company, the Board delegates certain matters to the committees of the Board set up for this purpose.

## 4. Code of Conduct:

In terms of the requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted the Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed as **'Annexure – B-1'** to this Report.

## 5. Board Committees:

### Audit Committee

As part of Corporate Governance and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee was originally constituted in March 2016 with the approval of the Board of Directors adopting the terms of reference and reconstituted the same from time to time when there is any change in the Directors nominated by the holding company / Administrative Ministry. Further, the Ministry of Civil Aviation (MoCA), vide its several OMs issued from time to time, had reconstituted the Board of AIESL and consequentially the Board had reconstituted the Board Committees inter-alia Audit Committee from time to time in compliance with the applicable provisions.

### a) Composition of committee:

As on 31-03-2024, the following were the Members of the Audit Committee, in ex officio capacity:

| Particulars of Director | Position held in the Committee |
|---|---|
| Shri Padam Lal Negi, JS&FA, MoCA | Chairman |
| Shri Asangba Chuba Ao, CMD, AIAHL & JS, MoCA | Member |
| Shri Rahul Jain<br>JS, DIPAM | Member |

***Terms of Reference:** Terms of Reference of the Audit Committee are as prescribed under Section 177 (4) of Companies Act 2013:

i. To recommend for appointment, remuneration and terms of appointment of auditors of the company;

ii. To review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii. To examine the financial statement and the auditors' report thereon;

iv. To approve or any subsequent modification of transactions of the company with related parties;

v. To scrutiny of inter-corporate loans and investments;

vi. Valuation of undertakings or assets of the company, wherever it is necessary;

vii. To evaluate internal financial controls and risk management systems;

viii. To monitor the end use of funds raised through public offers and related matters.

**b) Meetings of committee:**

The Audit Committee met four times during the year to review various issues including inter alia Financial Statement of the Company for the year before submission to the Board, as per details given below:

| S No. | Meeting Number | Date of the Meeting | No. of Directors present |
|---|---|---|---|
| 1 | 36th | 09-06-2023 | 3 |
| 2 | 37th | 05-09-2023 | 2 |
| 3 | 38th | 19-12-2023 | 3 |
| 4 | 39th | 11-03-2024 | 3 |

**Corporate Social Responsibility (CSR) Committee**

In compliance with the requirements of Companies Act 2013, the Board originally constituted a CSR Committee on 08-11-2019. However, subsequent to the reconstitution of the Board by the Ministry of Civil Aviation (MoCA) by its various OMs issued from time to time, AIESL Board also re-constituted the Corporate Social Responsibility (CSR) Committee from time to time in compliance with the applicable provisions.

As on 31-03-2024, the CSR Committee consisted of the following members, in ex officio capacity:

| Particulars of Directors | Position held in the Committee |
|---|---|
| Shri Asangba Chuba Ao<br>CMD, AIAHL & JS, MoCA | Chairman |
| Shri Padam Lal Negi<br>JS&FA, MOCA | Member |
| Shri Rahul Jain<br>JS, DIPAM | Member |

There was 1 CSR Committee meeting held during FY 2023-24.

| S No. | Meeting Number | Date of the Meeting | No. of Directors present |
|---|---|---|---|
| 1 | 03rd | 20-12-2023 | 2 |

## 6. General Meetings during the last three years

The details of General meetings of the Company, viz. Annual General Meeting (AGM) & Extra-ordinary General Meeting (EGM), held during the last three financial years are given below:

| AGM / EGM | Date and time of the Meeting | Venue of the meeting | Special Resolution |
|---|---|---|---|
| 18th Adjourned AGM | 27-03-2024 At 1130 Hrs | Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003 | No |
| 18th AGM | 21-12-2023 At 1100 Hrs | Regd. Office: 2nd Floor, CRA Building, Safdarjung Airport Area, Safdarjung Airport, Central Delhi, Delhi- 110003 | No |
| 17th Adjourned AGM | 30-01-2023 At 1230 Hrs | Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001 | No |
| 17th AGM | 30-12-2022 at 1200 Hrs | Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001 | No |
| 04th EGM | 14-01-2022 at 1500 Hrs | Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001 | Yes |
| 16th AGM | 13-12-2021 at 1430 Hrs | Regd. Office: Airlines House, 113, Gurudwara Rakabganj Road, New Delhi 110 001 | Yes |

M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

## 7. Disclosures and Statutory Compliances:

Adequate Disclosures pertaining to the Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time-bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for the previous three financial years 2021-22, 2022-23 and 2023-24. The DPE has also awarded 'Excellent' grading to AIESL for compliance with DPE Corporate Governance Guidelines during FY 2021-22 and for the FY 2022-23 and 2023-24 DPE grading is awaited.

## 8. CEO/CFO Certification

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and financial reporting which was placed before the Audit Committee and the Board of Directors (placed as **'ANNEXURE – B-2'** to this Report).

## 9. Certificate for Compliance with Corporate Governance Guidelines

This Report duly complies with the legal requirements in respect of data that should be disclosed in a Corporate Governance Report for FY 2023–24.

The Certificate obtained from a Practising Company Secretary regarding the compliance of the conditions on Corporate Governance is placed as **'ANNEXURE – B-3'** to this Report.

**For and on behalf of the Board of Directors**
**of AI Engineering Services Limited**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN: 11001643**

**Date: 14-05-2025**
**Place: New Delhi**

**'ANNEXURE – B-1'**

# CODE OF CONDUCT

DECLARATION

Pursuant to DPE guidelines on Corporate Governance for CPSEs, all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct, as adopted by the Board of Directors, for the year ended 31st March 2024.

**Sd/-**

**Date: 14-05-2025** **Sharad Agarwal**

**Place: New Delhi** **Chief Executive Officer**

**'ANNEXURE – B-2'**

# TO WHOMSOEVER IT MAY CONCERN

**Dated: 24-03-2025**

We have reviewed the financial statements and the cash flow statement for the year 2023–24 and that to the best of our knowledge and belief:

(A) (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(B) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the code of conduct.

(C) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps taken or propose to take to rectify these deficiencies.

(D) We have indicated to the auditors and the Audit committee:

(1) significant changes in internal control over financial reporting during the year;

(2) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

(3) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the entity's internal control system over financial

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **Rakesh Kumar Jain** | **Sharad Agarwal** |
| **Chief Financial Officer** | **Chief Executive Officer** |

**'ANNEXURE – B-3'**

## CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE UNDER CORPORATE GOVERNANCE UNDER DPE GUIDELINES FOR THE YEAR ENDED 31ST MARCH 2024

***[Pursuant to para 8.2.1 of the DPE Guidelines 2010]***

To

The Members
AI ENGINEERING SERVICES LIMITED
(CIN: U74210DL2004GOI125114)
2nd Floor, CRA Building, Safdarjung Airport Area,
Safdarjung Airport, Central Delhi, India, 110003

We have examined the relevant books, records and statements in connection to the compliance with the conditions of Corporate Governance of AI ENGINEERING SERVICES LIMITED (CIN: U74210DL2004GOI125114) for the year ended on 31st march, 2024 as stipulated in "Guidelines on Corporate Governance Norms for Central Public Sector Enterprises, as enunciated by the Department of Public Enterprises (DPE).

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as laid down in the guidelines. Our Report/ Certification is neither an audit nor an expression of the opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanations and information furnished, we certify that the Company has complied with the mandatory conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), 2010 except that the functional Directors are more than 50% and at least one-third of the Board Members shall be Independent Directors.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficacy of the effectiveness with which the management has conducted the affairs of the Company.

**For Saurabh Agrawal & Co**
**Company Secretaries**
**Peer Review No. 3020/2023**
**Firm Registration No. P2002DE043100**

**Sd/-**
**Saurabh Agrawal**
**Partner**
**FCS No.: 5430**
**C.P. No.: 4868**

**Place: New Delhi**
**Date: 31-12-2024**
**UDIN: F005430F003532206**

**'ANNEXURE – C'**

## FORM NO. AOC-2

*[Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8 (2) of the Companies Accounts Rules, 2014]*

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.**

**1. Details of contracts or arrangements or transactions not at arm's length basis: NIL**

**2. Details of contracts or arrangements or transactions at arm's length basis.**

All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2023-24 were on an arm's length basis, in the ordinary course of business which were duly approved in 87th Board meeting held on 20-12-2023. The details of contracts /arrangements / transactions at arm's length basis are as follows:

| Name of related party & Nature of Relationship | Duration of Transaction | Nature of transaction | Amount (In Millions) |
|---|---|---|---|
| Alliance Air Aviation Limited (AAAL) | 1st April 2023 – 31st March 2024 | Revenue from MRO Services | 577.34 |
| | | Other Income (Interest) | 210.70 |
| | | **Total Revenue (Income)** | **788.04** |
| | | Expenditure | - |
| | | **Total Expenditure** | - |
| AI Airport Services Limited (AIASL) | 1st April 2023 – 31st March 2024 | **Revenue from MRO Services (Total Income)** | **28.81** |
| | | Handling charges | 120.87 |
| | | Manpower Cost | 2.57 |
| | | Interest on outstanding dues | 1.36 |
| | | **Total Expenditure** | **124.80** |
| Hotel Corporation of India (HCI) (Centaur Hotels) | 1st April 2023 – 31st March 2024 | Hotel Room charges and others (staff on duty) | 18.48 |
| | | **Total Expenditure** | **18.48** |
| AI Assets Holding Ltd. (AIAHL) Holding Company | 1st April 2023 – 31st March 2024 | **Amount receivable for Security services (Total Income)** | **23.56** |
| | | Interest on outstanding dues | 1,840.76 |
| | | Rent Exp | 396.72 |
| | | Reimbursement | 38.84 |
| | | **Total Expenditure** | **2276.32** |

| | |
|---|---|
| **Total Income (A)** | **840.41** |
| **Total Expenditure (B)** | **2419.60** |
| **Total Amount (A+B)** | **3260.01 Equivalent to Rs 326 Cr.** |

**Note:**

1. The details of “Related Party Disclosures” as per accounting standards are being disclosed in Notes to the accounts in the Financial Statements.

**For and on behalf of the Board of Directors**
**of AI Engineering Services Limited**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN: 11001643**

**Date: 14-05-2025**
**Place: New Delhi**

**'ANNEXURE – D'**

# CORPORATE SOCIAL RESPONSIBILTY (CSR) POLICY OF AI ENGINEERING SERVICES LIMITED (AIESL)

*(As amended by the Board w.e.f. 04th June 2024)*

1. **Preamble:**

AIESL envisions to act in a socially responsible manner to contribute to the socio-economic development of local communities we operate in, viz. airports and city offices, by building stronger, developed sustainable communities & raise the quality of life of people of the Country.

2. **Definitions:**

In this Policy unless the context otherwise requires:

a) "**Act**" means the Companies Act, 2013 and rules made thereunder.

b) **"Administrative overheads"** means the expenses incurred by the company for 'general management and administration' of Corporate Social Responsibility functions in the company but shall not include the expenses directly incurred for the designing, implementation, monitoring, and evaluation of a particular Corporate Social Responsibility project or programme.

c) **"Corporate Social Responsibility (CSR)"** means the activities undertaken by a Company in pursuance of its statutory obligation laid down in section 135 of the Act in accordance with the provisions contained in these rules, but shall not include the following, namely:

i. activities undertaken in pursuance of normal course of business of the company

ii. any activity undertaken by the company outside India except for training of Indian sports personnel representing any State or Union territory at national level or India at international level;

iii. contribution of any amount directly or indirectly to any political party under section 182 of the Act;

iv. activities benefitting employees of the company as defined in clause (k) of section 2 of the Code on Wages, 2019 (29 of 2019);

v. activities supported by the companies on sponsorship basis for deriving marketing benefits for its products or services; and

vi. activities carried out for fulfilment of any other statutory obligations under any law in force in India.

d) "**CSR Committee"** means the Corporate Social Responsibility Committee of the Board referred to in Section 135 of the Act;

e) **"CSR Policy"** means a statement containing the approach and direction given by the board of a company, taking into account the recommendations of its CSR Committee, and includes guiding principles for selection, implementation and monitoring of activities as well as formulation of the annual action plan;

f) "**Net Profit**" means the net profit of a Company as per its financial statement prepared in accordance with the applicable provisions of the Act, but shall not include the following, namely: -

i. Any profit arising from any overseas branch or branches of the company whether operated as a separate company or otherwise;

ii. Any dividend received from other companies in India, which are covered under and complying with the provisions of section 135 of the Act

g) **"Ongoing Project"** means a multi-year project undertaken by a Company in fulfilment of its CSR obligation having timelines not exceeding three years excluding the financial year in which it was commenced and shall include such project that was initially not approved as a multi-year project but whose duration has been extended beyond one year by the board based on reasonable justification.

*Words and expressions used and not defined in these rules but defined in the Act shall have the same meanings respectively assigned to them in the Act.*

## 3. Objective and CSR Vision:

This Policy shall be read in line with Section 135 of the Companies Act 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014 (including amendments therein, if any, existing and forthcoming, as the case may be) and such other rules, circulars, and notifications (collectively referred hereinafter as 'Regulations') as may be applicable and as amended from time to time and will, inter-alia, provide for the following :

- Establishing a guideline for compliance with the applicable provisions to dedicate a percentage of Company's profits for social projects / CSR activities.
- Ensuring the implementation of CSR initiatives in letter and spirit through appropriate procedures and reporting.
- Creating opportunities for employees to participate in socially responsible initiatives.

## 4. Scope of CSR Activities:

The Policy recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit community at large by one or more of the following focus areas as specified in Schedule VII of the Act:

i. Eradicating hunger, poverty and malnutrition, promoting health care including preventive health care and sanitation including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water;

ii. promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement projects;

iii. promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups;

iv. ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and

maintaining quality of soil, air and water including contribution to the Clean Ganga Fund set-up by the Central Government for rejuvenation of river Ganga;

v. protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional art and handicrafts;

vi. measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependent including widows;

vii. training to promote rural sports, nationally recognised sports, paralympic sports and Olympic sports;

viii. contribution to the Prime Minister's National Relief Fund or Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund) or any other fund set up by the central govt. for socio economic development and relief and welfare of the schedule caste, tribes, other backward classes, minorities and women;

ix. (a) Contribution to incubators or research and development projects in the field of science, technology, engineering, and medicine, funded by the Central Government or State Government or Public Sector Undertaking or any agency of the Central Government or State Government; and

(b) Contributions to public funded Universities; Indian Institute of Technology (IITs); National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE); Department of Biotechnology (DBT); Department of Science and Technology (DST); Department of Pharmaceuticals; Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy (AYUSH); Ministry of Electronics and Information Technology and other bodies, namely Defense Research and Development Organisation (DRDO); Indian Council of Agricultural Research (ICAR); Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

x. rural development projects;

xi. slum area development.

Explanation - For the purposes of this item, the term `slum area' shall mean any area declared as such by the Central Government or any State Government or any other competent authority under any law for the time being in force.

xii. disaster management, including relief, rehabilitation, and reconstruction activities.

The Company would select and undertake CSR activities out of the theme listed in Schedule VII (as mentioned above) of the Companies Act, 2013, as amended from time to time. The themes in the scope of CSR policy must be interpreted liberally to capture the essence of the subjects enumerated in Schedule VII of the Act. Any modification in Schedule VII of the Act or directions from the Department

of Public Enterprises (DPE) or the Ministry of Civil Aviation (MoCA) shall also deem to have been incorporated (wherever the same shall be mandatory) in the scope of CSR policy of the Company from the date of such change being notified by the Government.

**5. CSR Committee:**

The CSR Committee shall be constituted as per the provisions of Section 135 of the Companies Act, 2013 who shall meet as and when required to discuss and review the CSR activities and policy. The quorum of CSR Committee shall be two members present in the meeting.

**6. Responsibility of CSR Committee:**

- formulate and recommend to the Board, a CSR Policy including amendments therein, if any, in the areas or subjects specified in Schedule VII;
- monitor the Policy from time to time and recommend changes to the Board;
- recommend the amount of expenditure to be incurred on CSR projects/ activities; and
- Constitute a transparent monitoring mechanism for ensuring effective and efficient implementation of the CSR projects.

**7. CSR Working Team**

Members of CSR Working Team shall be:

i. Chief Executive Officer

ii. Chief Financial Officer

iii. Chief HR Officer

iv. Company Secretary

The above-mentioned CSR working team shall be headed by the Chief Executive Officer of the Company.

The roles and responsibilities of the CSR Working Committee include:

- Review the proposals for CSR projects / programs / activities received from various locations and put up before the CSR Committee for deliberation, consideration and recommendation to the Board for approval.

**8. Responsibility of Board of Directors:**

- Approving the CSR Policy as recommended by the CSR Committee, subject to necessary changes/modifications as the Board may deem fit;
- Ensuring that in each financial year, the Company spends at least 2% (or any threshold prescribed by MCA and even above that threshold) of the average net profit* of the Company made during the three immediately preceding financial years in accordance with the provisions of section 135 of the Companies Act, 2013 and the Rules made thereunder;

* **Average Net Profit** shall be calculated in accordance with provisions of Section 198 of the Companies Act, 2013 and rules made thereunder.

- Ensuring that every financial year, funds committed by the Company for CSR activities are utilized effectively;
- Ensuring that activities included by Company in its CSR policy are related to the areas or subjects specified in schedule VII of the Act;
- Ensuring that the Preference may be given to the local area around its operations for spending the amount earmarked for CSR projects;
- Disclosing in its Annual Return the names of CSR Committee members, the content of CSR Policy and ensure annual reporting of its CSR activities on the Company's website and comply any other stipulations as may be introduced by MCA at any given point of time.

## 9. Annual spends/Allocation of Funds:

a. The Company would spend not less than 2% of the Average Net Profits of the Company made during the three immediately preceding financial years. Any surplus arising out of the CSR activities shall not form part of the business profit of a company and shall be ploughed back into the same project or shall be transferred to the Unspent CSR Account and spent in pursuance of CSR policy and annual action plan of the company or transfer such surplus amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

b. The CSR Committee shall formulate an Annual CSR Plan in line with Schedule VII of the Companies Act, 2013 and the Company shall undertake CSR activities included in its Annual CSR Plan, as recommended by the CSR Committee at the beginning of each year. The Committee is authorized to approve any modification to the existing Annual CSR Plan or to propose any new program during the financial year. An annual action plan in pursuance of its CSR policy, which shall include the following, namely: -

(i) the list of CSR projects or programmes that are approved to be undertaken in areas or subjects specified in Schedule VII of the Act;

(ii) the manner of execution of such projects or programmes as specified in sub-rule (1) of rule 4;

(iii) the modalities of utilisation of funds and implementation schedules for the projects or programmes;

(iv) monitoring and reporting mechanism for the projects or programmes; and

(v) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

## 10. Administration/Implementation of CSR Projects

1) The Board shall ensure the CSR activities are undertaken by the company itself or through: -

(a) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80 G of the Income Tax Act, 1961 (43 of 1961), established by the company, either singly or along with any other company, or

(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or

(c) any entity established under an Act of Parliament or a State legislature; or

(d) a company established under section 8 of the Act, or a registered public trust or a registered society, registered under section 12A and 80G of the Income Tax Act, 1961, and having an established track record of at least three years in undertaking similar activities.

2) The company may engage international organisations for designing, monitoring and evaluation of the CSR projects or programmes as per its CSR policy as well as for capacity building of their own personnel for CSR.

3) The company may also collaborate with other companies for undertaking projects or programmes or CSR activities in such a manner that the CSR committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

4) The Board of a company shall satisfy itself that the funds so disbursed have been utilised for the purposes and in the manner as approved by it and the Chief Financial Officer or the person responsible for financial management shall certify to the effect.

5) In case of ongoing project, the Board of a Company shall monitor the implementation of the project with reference to the approved timelines and year-wise allocation and shall be competent to make modifications, if any, for smooth implementation of the project within the overall permissible time period.

## 11. Monitoring & Reporting of CSR Activities

a. To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head;

b. The report on progress on the CSR programme undertaken by the Company will be put forward to the CSR Committee with full details of cost incurred and result achieved on a regular basis;

c. Work centres will try to obtain feedback from beneficiaries about the programs implemented at the area;

d. Appropriate documentation of the Company's CSR activities, executing partners, and expenditure entailed will be undertaken on a regular basis;

e. CSR initiatives of the Company will be reported in the Annual Report of the Company & the Board's Report in compliance with Section 135 and rules made thereunder; and

f. Company will establish an accounting system to ensure proper accounting of CSR spends.

## 12. Conclusion:

The Board of Directors on the recommendation of CSR Committee can amend its policy as and when required deemed fit. Any or all provisions of CSR Policy would be subjected to revision/amendment in accordance with the regulations on the subject as may be issued from relevant statutory authorities, from time to time.

In case of any doubt with regard to any provision of the policy and also in respect of matters not covered herein, a reference to be made to CSR Committee. In all such matters, the interpretation & decision of the Committee shall be final.

**********

**'ANNEXURE – E'**

# ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) FOR FINANCIAL YEAR (FY) 2023-24

## 1. Brief outline of the CSR Policy of the Company.

- AIESL envisions to act in a socially responsible manner to contribute to the socio-economic development of local communities we operate in, viz. airports and city offices, by building stronger, developed sustainable communities & raise the quality of life of people of the Country.
- The Board of Directors of the Company have adopted a CSR Policy, which recognizes that Corporate Social Responsibility is not merely compliance, it is a commitment to support initiatives that benefit the community at large by one or more focus areas as specified in Schedule VII of the Act.
- To ensure effective implementation of the CSR programmes undertaken at each work centre, a monitoring mechanism will be put in place by the work centre head.
- The company will establish an accounting system to ensure proper accounting of CSR spends.
- A brief outline of the Company's CSR Policy including an overview of projects or programs proposed to be undertaken can be viewed on the website of the Company i.e. www.aiesl.in.

## 2. Composition of CSR Committee:

| Sl. No. | Name of Director | Designation/ Nature of Directorship | Number of meetings of CSR Committee held during the year | Number of meetings of CSR Committee attended during the year in their respective tenure |
|---|---|---|---|---|
| 1. | *Shri S.K. Mishra | Chairman (till 01-01-2024) | 1 | 1 |
| 2. | *Shri Asangba Chuba Ao | Chairman (w.e.f. 01-01-2024 | 1 | 0 |
| 3. | Shri Padam Lal Negi | Member | 1 | 1 |
| 4. | Smt. Parama Sen | Member (till 12-12-2023) | 1 | 0 |
| 5. | Shri Rahul Jain | Member (w.e.f. 12-12-2023) | 1 | 0 |

* *In pursuance to the OM dated 02-02-2024 issued by the MoCA, the CSR Committee of AIESL was reconstituted by the AIESL Board by passing a Resolution by circulation having Ref. No. AIESL/HQ/CS/10/03/2023-24 dated 07-02-2024, in compliance with the applicable provisions, whereby Shri Asangba Chuba Ao, Chairman & Nominee Director, AIESL, had become the Chairman of the CSR Committee vice Shri Satyendra Kumar Mishra w.e.f. 01-01-2024.*

** *The CSR Committee met once during the year i.e. 20-12-2023.*

**3. Provide the web link where the Composition of the CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company:**

| S. No | Particulars | Weblink |
|---|---|---|
| 1. | Composition of CSR Committee | https://www.aiesl.in/Composition-of%20CSR-Committee.aspx |
| 2. | CSR Policy | https://www.aiesl.in/CSRPolicy.aspx |
| 3. | Project approved by the Board | Not Applicable* |

**The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) by contribution to the Prime Minister's National Relief Fund during FY 2023-24 (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024) as per the approval / ratification of the Board.*

**4. Provide the details of the Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report) :**

Not Applicable (NA).

**5. Details of the amount available for setoff in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules 2014, and amount required for setoff for the financial year, if any**:

Not Applicable

**6. Average net profit of the company as per section 135(5):** Rs.4,55,00,16,955.34

**7. (a) Two percent of average net profit of the company as per section 135(5):** Rs.9,10,00,339.11

**(b) Surplus arising out of the CSR projects or programs or activities of the previous financial years:** NIL.

**(c) Amount required to be set off for the financial year, if any:** NA

**(d) Total CSR obligation for the financial year(7a+7b-7c) :** Rs.9,10,00,339.11

**8. (a) CSR amount spent or unspent for the financial year:** Rs.9,10,00,339.11

| Total Amount Spent for the Financial Year. (Amount in Rs.) | Amount Unspent (in Rs.) | | | | |
|---|---|---|---|---|---|
| | Total Amount transferred to Unspent CSR Account as per section 135(6). | | Amount transferred to any fund specified under Schedule VII as per the second proviso to section135(5). | | |
| | Amount. | Date of transfer. | Name of the Fund | Amount. | Date of transfer |
| *9,10,02,950/- in the Prime Minister's National Relief Fund | - | - | - | - | - |

**The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) by contribution to the Prime Minister's National Relief Fund during FY 2023-24 (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024) as per the approval / ratification of the Board.*

**(b) Details of CSR amount spent against ongoing projects for the financial year:** Nil.

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | (9) | (10) | (11) | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project. | Item from the list of activities in Schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Project duration | The amount allocated for the project (in Rs.). | Amount spent in the current financial Year (in Rs.). | Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.). | Mode of Implemen-tation | Mode of Implementation-Through Implementing Agency | |
| | | | | State | District | | | | | | Name | CSR Registration number |
| 1. | - | - | - | - | - | - | - | - | - | - | - | |

**(c) Details of CSR amount spent against other than ongoing projects for the financial year:** Nil.

| (1) | (2) | (3) | (4) | (5) | | (6) | (7) | (8) | |
|---|---|---|---|---|---|---|---|---|---|
| Sl. No. | Name of the Project | Item from the list of activities in schedule VII to the Act. | Local area (Yes/ No). | Location of the project. | | Amount spent for the project (inRs.). | Mode of implementation Direct (Yes/ No). | Mode of implementation-Through implementing agency. | |
| | | | | State | District. | | | Name. | CSR Registration number. |
| - | - | - | - | - | - | - | NA | NA | NA |
| | | | | | | | | | |

(d) **Amount spent in Administrative Overheads:** NIL

**(e) Amount spent on Impact Assessment, if applicable:** NA

**(f) Total amount spent for the Financial Year (8b+8c+8d+8e):** Nil

**(g) Excess amount for set off, if any:** Nil

| Sl. No. | Particulars | Amount (in Rs.) |
|---|---|---|
| (i) | Two percent of average net profit of the company as per section135(5) | 9,10,00,339.11 |
| (ii) | Total amount spent for the Financial Year | 9,10,02,950 |
| (iii) | Excess amount spent for the financial year[(ii)-(i)] | *Refer note-1 |
| (iv) | Surplus arising out of the CSR projects or programs or Activities of the previous financial years, if any | - |
| (v) | Amount available for set-off in succeeding financial years. [(iii)-(iv)] | - |

**Note–1:* *The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) by contribution to the Prime Minister's National Relief Fund during FY 2023-24 (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024) as per the approval / ratification of the Board.*

**9. (a) Details of Unspent CSR amount for the preceding three financial years:** Rs.2576.87/- (*pertaining to FY 2022-23 which was left inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2, therefore, the company made a course correction and had spent Rs.2,600/- by contributing to the Prime Minister's National Relief Fund on 31-03-2024).*

**(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):**

| (1) Sl. No. | (2) Project ID. | (3) Name of the Project. | (4) Financial Year in Which the project was commenced. | (5) Project duration. | (6) Total amount allocated for the project (in Rs.). | (7) Amount spent on the project in the reporting Financial Year (in Rs). | (8) Cumulative amount spent at the end of reporting Financial Year. (in Rs.) | (9) Status of the project Completed /Ongoing. |
|---|---|---|---|---|---|---|---|---|
| 1. | - | - | - | - | - | - | - | - |
| | TOTAL | - | - | - | - | - | - | - |

**1. In case of the creation or acquisition of capital assets, furnish the details relating to the assets created or acquired through CSR spent in the financial year (asset-wise details) :** NA

**(a) Date of creation or acquisition of the capital asset(s):** NA

**(b) Details of the entity or public authority or beneficiary under whose name such capital assets is registered, their address etc.:** NA

**(c) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).:** NA

**(d) Specify the reason(s), if the company has failed to spend two percent of the average net profit as per section 135(5):** NA

**The CSR utilization certificate for the FY 2023-24 as provided by the Chief Financial Officer of the Company is placed as **'Annexure E-1'** to this Report.*

**For AI Engineering Services Limited**

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **Amit Kumar** | **Sharad Agarwal** |
| **Chairman of CSR Committee** | **Chief Executive Officer** |
| **Sd/-** | **Sd/-** |
| **Sakshi Mehta** | **Rakesh Kumar Jain** |
| **Company Secretary** | **Chief Financial Officer** |

**'ANNEXURE – E-1'**

# TO WHOMSOEVER IT MAY CONCERN

Date: 03-04-2025

This is to certify that funds amounting to Rs.9,10,02,950/- (out of which Rs.2,600/- is pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal), so disbursed for Corporate Social Responsibility (CSR) activity by contributing the same to Prime Minister's National Relief Fund, as per the approval / ratification of the Board in its meetings held on 20-12-2023 & 04-06-2024 respectively as per the rule 4 of Companies (CSR Policy) Rules, 2014 and Schedule VII of the Companies Act, 2013.

Details of CSR expenditure are as follows:

| **Particulars** | **Rs.** |
|---|---|
| Amount Outlay (Budgeted) | 9,10,02,950.00* |
| Amount spent on:<br>27.03.2024<br>30.03.2024<br>31.03.2023 | <br>1000.00<br>9,09,99,000.00<br>2,950.00* |
| Amount unspent | Nil |
| Excess amount spent | Nil |

**The company has spent the entire CSR expenditure amounting to Rs.9,10,02,950/- during the FY 2023-24 (out of which Rs.2,600/- is pertaining to FY 2022-23 as Rs.2,576.87/- were left unspent inadvertently due to rounding off in millions & considered as unspent expenditure while filing e-form CSR-2 on MCA portal) (i.e., Rs.1000/- on 27-03-2024 & Rs.9,09,99,000/- on 30-03-2024 & Rs.2,950/- on 31-03-2024).*

**For AI Engineering Services Limited**

**Sd/-**
**Rakesh Kumar Jain**
**Chief Financial Officer**

**FORM NO. MR-3**
**SECRETARIAL AUDIT REPORT**
**For The Financial Year Ended 31st March 2024**
*[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

**To**
**The Members**
**AI ENGINEERING SERVICES LIMITED**
**(CIN: U74210DL2004GOI125114)**
**2nd Floor, CRA Building, Safdarjung Airport Area,**
**Safdarjung Airport, Central Delhi, India, 110003**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **AI ENGINEERING SERVICES LIMITED** (hereinafter called "*the Company*"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the **AI ENGINEERING SERVICES LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company, to the extent information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, the explanations and clarifications provided to us and the representations made by the Management. We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2024 generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made there under as amended from time to time;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable as the Securities of the Company are not listed on any Stock Exchange;

(iii) The Depositories Act, 1956 and the regulations and Bye-laws framed there under;

(iv) The Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings: Not Applicable to the Company during the Audit Period;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act')

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011; Not Applicable to the Company during the Audit Period;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not Applicable to the Company during the Audit Period;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; Not Applicable to the Company during the Audit Period;

d. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; Not Applicable to the Company during the Audit Period;

e. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021; Not Applicable to the Company during the Audit Period;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations,1993 regarding the Companies Act and dealing with client; Not Applicable to the Company during the Audit Period;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; Not Applicable to the Company during the Audit Period; and

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 - Not Applicable to the Company during the Audit Period.;

(vi) In the aviation sector, the following laws are specifically applicable to the Company:

- Aircraft Act, 1934
- Civil Aviation Requirements issued by DGCA

We further report that the company carried the compliance of the aforesaid CAR under aviation laws and the compliance by the Company of such aviation laws has not been reviewed in this Audit which have been subject to review by DGCA and other designated professionals/authorities.

We have also examined with:

i) Applicable Secretarial Standards issued by the Institute of Company Secretaries of India; and

ii) The Listing Agreements entered into by the Company with Stock Exchange(s) and the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015 - **Not Applicable to the Company during the Audit Period.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

In respect of other laws specifically applicable to the company, we have relied on information/data provided by the Company during the course of audit and reporting is limited to that extent.

**We further report that:**

The Board of Directors of the Company, audit committee and Remuneration committee are not duly constituted with proper balance of Independent Directors as per provision of DPE Guidelines on Corporate Governance 2010. Further the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not required to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014) as amended.

The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

The company was granted an extension of time vide order 15th September, 2023 for the purpose of holding Annual General Meeting (which was due to be held on or before 30th September, 2023 by 3 months on the application filed under section 96 of the Companies Act, 2013 and the Annual General Meeting of the company was held on Dec. 21, 2023. However, the audited Financial Statements of the company were adopted by members in the adjourned AGM of the company held on 27th March 2024.

Adequate notice is given to all Directors to schedule the Board Meetings, Agenda and detailed notes on agenda were sent within prescribed time limit, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All the decisions of Board of Directors and Committee Meeting were carried unanimously.

**We further report that** there are adequate systems and processes in the company commensurate with size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the no event has occurred which had a major bearing on the Company's Affair in pursuance of the laws, rules, regulations and standards etc.

**For Saurabh Agrawal & Co.**
**Company Secretaries**
**Peer Review No. 3020/2023**
**Firm Registration No. P2002DE043100**

**Sd/-**
**CS Saurabh Agrawal**
**Partner**
**FCS: F5430; C.P. No.: 4868**

**Date: 31-12-2024**
**Place: New Delhi**
**UDIN: F005430F003532096**

This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' and forms an integral part of this report.

## 'ANNEXURE A'

To
The Members
**AI ENGINEERING SERVICES LIMITED**
(CIN: U74210DL2004GOI125114)
2nd Floor, CRA Building, Safdarjung Airport Area,
Safdarjung Airport, Central Delhi, India, 110003

Our Secretarial Audit Report for the financial year 31st March, 2024 is to be read along with this letter.

- ***Management Responsibility***

1. It is the responsibility of the management of the Company to maintain secretarial records, devise proper systems to ensure compliance with the provisions of all applicable laws and regulations and to ensure that the systems are adequate and operate effectively;

- ***Auditor's Responsibility***

2. Our responsibility is to express an opinion on these secretarial records, standards and procedures followed by the Company with respect to secretarial compliances;
3. We believe that audit evidence and information obtained from the Company's management is adequate and appropriate for us to provide a basis for our opinion;
4. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion;
5. Wherever required we have obtained the management's representation about the Compliance of laws, rules and regulations and happening of events etc;

- ***Disclaimer***

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company;
7. We have not verified the correctness and appropriations of financial records and books of accounts of the Company.

**For Saurabh Agrawal & Co.**
**Company Secretaries**
**Peer Review No. 3020/2023**
**Firm Registration No. P2002DE043100**

**Sd/-**
**CS Saurabh Agrawal**
**Partner**
**FCS: F5430; C.P. No.: 4868**

**Date: 31-12-2024**
**Place: New Delhi**
**UDIN: F005430F003532096**

# MANAGEMENT REPLY TO THE OBSERVATIONS OF THE SECRETARIAL AUDITOR FOR FY 2023-24

| Sl. No. | Audit Observations | Management Reply |
|---|---|---|
| **A** | The Board of Directors of the Company, audit committee and Remuneration committee are not duly constituted with proper balance of Independent Directors as per provision of DPE Guidelines on Corporate Governance 2010. Further, the appointment of independent directors in public companies which are wholly owned subsidiaries of unlisted public companies are not required to appoint independent directors under section 149(4) and 178 of Companies Act, 2013 read with Rule 4(2) of Companies (Appointment and Qualification of Directors) Amendment Rules, 2014 as amended. | This is a statement of fact. |
| **B** | The company was granted an extension of time vide order 15th September 2023 for the purpose of holding Annual General Meeting (which was due to be held on or before 30th September 2023 by 3 months on the application filed under section 96 of the Companies Act, 2013 and the Annual General Meeting of the company was held on Dec. 21, 2023. However, the audited Financial Statements of the company were adopted by members in the adjourned AGM of the company held on 27th March 2024. | This is a statement of fact.<br>The Financial Statements of the Company for FY 2022-23 were approved by the Board in its 87th meeting held on 20-12-2023 based on the recommendations of the Audit Committee.<br>The financial statements, after the approval of the Board, were forwarded to Statutory Auditors for the report thereon and thereafter along with Auditors' Report to the office of the Comptroller and Auditor General of India (C&AG) for their comments thereon.<br>The Nil comments of C&AG received vide its letter dated 23-02-2024 and the same were noted by the Audit Committee and Board in their respective meetings held on 11-03-2024.<br>Thereafter, the audited financial statements of the company for the FY 2022-23 were adopted in the Adjourned 18th AGM of the company held on 27-03-2024. |

# INDEPENDENT AUDITOR'S REPORT

**To the Members of**

**AI Engineering Services Limited**

**Report on the Audit of the Standalone Financial Statements**

## Opinion

We have audited the standalone financial statements of AI Engineering Services Limited (formerly known as Air India Engineering Services Ltd.) ("the Company"), which comprise the balance sheet as at 31stMarch 2024, the statement of Profit and Loss, the statement of changes in equity and statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as the "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by The Companies Act, 2013 ( "the Act" ) in the manner so required and give a true and fair view to be read with Emphasis and Key Note Matter are 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 other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31st, 2024, and profits, changes in equity and other comprehensive income and its cash flows for the year ended on that date.

## Basis for Opinion

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

## *Emphasis of Matter*

1. The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4) ,Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise.

2. a) As per para 9 of Ind-AS 2 on *Inventories*

   AIESL has been using two software for maintaining accounts RAMCO for Billing, material

movement, inventory and Financial accounts are maintained on SAP which is not interlinked. Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only . RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken a value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified . Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/ confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.

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.

3. Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value .Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27/- has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending.

4. MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest.

5. Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports.

6. Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better

control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs 53,83,77,810.05/-) not accounted by company properly out of Rupees 1956056851.98/- Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing.

7. Company has numerous un-reconciled employees debit and credit balances as in two test cases R KALAICHELVAN of Rupees 1631471.75 since 2012 and S D AUGUSTINE DIVAKAR of Rupees 148276 since 2018 recoverable. The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process.

8. Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year.

9. Company has two oversees establishments in Dubai & Kathmandu, no separate books are maintained and there is no asset and liabilities of the Branches. Only Cash Flows in form of bank statement is maintained by HO for Dubai and there is no separate bank for Kathmandu.

10. Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due.

11. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained.

12. 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.

13. Company has not maintained proper records of foreign exchange earned and expended as foreign exchange earned as per note 36 & Note no-31 as details of figure mentioned are not from SAP and worked manually which cannot be verified.

14. Company has not complied with Ind AS 36 on *Impairment of assets*.

15. A) Company does not have proper system of reconciliation of Trade receivable,Deposits received, deposits paid and trade payable hence we are unable to comment for correctness of its due and payable amount.

B) Company does not maintain TDS/TCS receivable details on real time Customer wise of Rupees 660991189.34 and there is no year wise reconciliation in absence of payment details. More over year wise breakup of excess tax paid of Rupees 9218690 is also not available. The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. There are advance TDS payments

for salary & others which remain unconsumed Rupees 5121512.30 /- from so many years. It implies that there is no control or procedure for regular deposit of TDS and set off with regard to liability of TDS.

C) Good & Service Tax (GST) has Opening Negative Liability of 5,70,27,933/- which has still closing balance of 8,26,31,887/- besides GST accounts net debit balances of 34,27,83,762.19/- which is in the process of reconciliation with the returns filed and statutory records maintained by the company. Opening Negative Liability and Other Debit balances are quite old and no year wise breakup is available.

16. As per the policy of the company, for the physical verification of PPE, the Company has appointed

A) 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 11th Jul, 2024 showing unidentified not found 25 items having WDV of ₹ 1.12 million as per Report and found 6857 excess items.

B) Professional firm Kolkata report dated 22nd jul 2024 not found 82, excess found 1059

C) Thiruvanthapuram report dated 15th jul, 2024 not found 11 , excess found 1978. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority.

Further, as per report submitted, 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

17. Prior period expenses NIL and Prior period income related to previous year 2022-23 to the tune of Rs.149.22 million has been booked in the year 2023-24 ( P.Y. Prior period income 175.66 million & Prior period expenses 517.49 million). The book of 2022-2023 has been restated and consequential adjustments / disclosure has been made in respective years.

Our Opinion is qualified in respect of these matters.

**Key Audit Matters**

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

| S. No. | Key audit matter |
|---|---|
| 1. | AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only . RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken a value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified. Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation<br><br>quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement. |
| 2. | Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value. Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27/- has been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending. |
| 3. | MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest. |
| 4. | Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports. |

| | |
|---|---|
| 5. | Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs 53,83,77,810.05/-) not accounted by company properly out of Rupees 1956056851.98/- Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing. |
| 6. | Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year. |
| 7. | Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of other information. The other information comprises the information included in the Board's Report including Annexure to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management Responsibilities for the Standalone Financial Statements**

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

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

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

The Board of Directors is also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 standalone 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 financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are

based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and we have given our comments in emphasis and 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.

**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 Act, we give in the ***Annexure-A*** a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that subject to our opinion on Emphasis and Key audit matter :

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.

(b) In our opinion, proper books of account as required by law have been kept by the Company subject to remarks in key audit matters so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, Statement of Changes in Equity and the Statement of Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e ) The company, being a government company, is exempt from the provisions of section 164 (2) of the Companies Act, 2013 vide Notification no GSR 463 (E) dated 05-06-2015 from Ministry of Corporate Affairs.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in ***"Annexure B".*** Our report expresses qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) The provisions of Section 197 read with schedule V of Companies Act 2013 relating to managerial remuneration are not applicable to the Company, being a Government Company in terms of MCA notification no. GSR 463 ( E ) dated June 5, 2015.

(h) We have come across adverse remarks relating maintenance of accounts and other matters connected therewith hence we have made comment stated in *emphasis & key audit matter* and point v of Annexure B of this report.

(i) 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – *Refer Note 22 to notes to standalone financial statements*;

ii. The Company does not foresee any material losses on long term contracts and has not entered into derivative contracts. Hence no provision for the same has been made.

iii. There is no amount required to be transferred to the Investor Education and Protection Fund by the Company.

iv. a) The management has represented, that, to the best of its 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 Company to or in any other person or entities, including, foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise , that the intermediary shall

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Intermediaries ") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries; and

b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities including foreign entities ("Funding Parties") with the understanding, whether recorded in writing or otherwise , that the company shall

- directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Intermediaries") by or on behalf of the Funding Party or
- provide any guarantee, security or the like from or on behalf of the Ultimate Beneficiaries;

c) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause iv (a) and iv (b) contain any material mis-statement.

v) The Company has not declared any dividend during the year; hence this para is not applicable.

3. As required by section 143(5) of the Act and in pursuance of directions issued by the Office of the Comptroller and Auditor General of India for the year ended March 31st, 2024, we report that:

a) Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.

Yes, the company has the system in place to process all the accounting transactions through IT system except comments stated in Emphasis and Key audit matter synopsis given as below :-

- The Company has SAP for maintenance of accounts and RAMCO for billing, material management and Inventory. Material movement data is not maintained properly in RAMCO Software which has chances of leakage/pilferage of records and basic reports of software are also not correct and not readily available on real time basis. Company has to take all reports from Consultant and there is no in-house system to take & cross checks reports. Integration of data of both software also needs review. Most of the entries passed do not contain supporting attached with it. The system needs to be strengthened regarding the same.
- Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31st March 2024 in back date during our audit period.
- The Company has no system of calculation of Interest on outstanding of Inter Company balances. The same has been done manually.

b) Whether there is any restructuring of an existing loan or cases of waiver/write off of debts / loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of Lender Company).On the basis of information and explanation given to us, company has not availed any loans. Hence there is no restructuring, waiver / write off of debts/ loans/ interest etc. made by the lender to the company during the year.

c) Whether funds received/receivable for specific schemes from central/ state government or its agencies were properly accounted for/ utilized as per its term and conditions? List the cases of deviation.

On the basis of information and explanation given to us, no funds have been received / receivable for specific schemes from central / state agencies.

**For and on behalf of**
**AAJV and Associates**
**Chartered Accountants**
**Firm Registration No. 007739N**

**Sd/-**
**CA Ajay K. Bajaj**
**Partner**
**Membership No. 086306**
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**
**Date : 26-03-2025**

# Annexure – A to the Independent Auditor's Report

**Referred to in paragraph 1 under "Report on other legal and regulatory requirements" of our report of even date**

i **(a)** **i)** The Company is in the process of updating its records showing full particulars including quantitative details and situations of tangible assets.

**ii)** Company does not owe any intangible assets; hence para relating to it are not applicable.

**(b)** As explained to us, the Company has a program of physical verification of tangible assets once in two years. Physical verification of tangible assets has been carried out by a professional firm of Chartered Accountants.

**(c)** The title deeds pertaining to the immovable properties (except properties which are leased by the company with duly executed lease agreements in the company's favour) disclosed in the financial statements are not held in the name of the company.

| Description of property | Gross carrying value | Held in name of | Whether promoter, director or their relative or employee | Period held – indicate range, where appropriate | Reason for not being held in name of company* |
|---|---|---|---|---|---|
| PPE | | | | | |
| a) Land | 208.54 | Air India Ltd. | No | 8.4.2022 | Refer Note no. 2.1 of financial Statements |
| b) Building | 2654.47 | Air India Ltd. | No | 8.4.2022 | Refer Note no. 2.1 of financial Statements |
| c) Jet 9D Test House | 10.42 | Air India Ltd. | No | 01.04.2019 | Refer Note no. 2.2 of financial Statements |

**(d)** According to the information and explanations given to us and on the basis of our examination of the records of the Company, no revaluation of property, plant and equipment (including the right of use assets) or intangible assets or both has been done by the company of it's during the year.

**(e )** According to the information and explanations given to us and on the basis of our examination of the records of the Company , no proceedings have been initiated or are pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

ii a) As per information and explanations given to us, There is no system of Physical verification of inventory and there are negative balances in the inventory which has been adjusted from positive inventory value . We are unable to comment on the appropriateness of coverage and procedure of such verification by the management. Company has made provision of 50 Crore in the stocks in the previous year and there is no efforts to clarify or write off the inventory shown as asset with provision of write off. We are also unable to

comment on the shortages if found, in the aggregate for each class of inventory and its consequential effect in the books of account.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not been sanctioned any working capital limits from banks or financial institutions on the basis of security of current assets during the year. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not made investments, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties during the year. Accordingly, the provisions of clause 3(iii)(a) to (f) of the order is not applicable to the Company.

(iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company has not given any loans to director and any other party and the company has not made investments, given any guarantees and security. Accordingly, the provisions of clause 3(iv) of the order is not applicable to the Company.

(v) Company has not accepted any deposits or amounts which are deemed to be deposits from the public within the meaning of provisions of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the provisions of clause 3(v) of the order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under subsection (1) of section 148 of the Companies Act 2013. Accordingly, the provisions of clause 3(vi) of the order is not applicable to the Company.

(vii) (a) On the basis of our examination of the books of accounts, and records of the company, we have observed that the Company was regular in depositing undisputed statutory dues including employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities except TDS , GST and Provident Fund . Company has cleared all such undisputed dues by year end. Arrears of outstanding statutory dues as on the last day of the financial year 31st March 2024 of more than six months from the date they became payable are as below:

| **Nature of Statutory Dues** | **Amount Outstanding for more than 6 months as on 31st March 2024 ( Rs. In millions)** |
|---|---|
| Goods and Service Tax | 28.78 |
| VAT | 3.67 |
| PF | 9.09 |

Statutory dues, if any, in respect of foreign business area not covered during the audit, since the record are maintained at the respective business areas which were not available for verification, we are unable to comment whether the dues have been deposited on a time basis.

(b) According to information and explanations given to us, there are statutory dues which have not been deposited by Company on account of dispute.

| S. No. | AY | TDS/Income Tax | Demand Amount (millions) |
|---|---|---|---|
| 1 | 2015-16 | TDS | 28.41 |
| 2 | 2016-17 | TDS | 44.60 |
| 3 | 2017-18 | TDS | 63.38 |
| 4 | 2018-19 | TDS | 184.58 |
| 5 | 2019-20 | TDS | 323.77 |
| | | **Total** | **644.74** |

*Interest u/s 220(2) on the above demand as on 31st March, 2024 will be ₹ 314.55 million.

(viii) There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

However, prior period income to the tune of Rs. 149.22 million and last year 175.66 million and has been booked in current year. *(Refer note no. 24 to notes to accounts).*

(ix) (a) The Company has not taken any loans or other borrowings from any lender. Hence reporting under clause 3(ix)(a) of the Order is not applicable.

(b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(c) The Company has not taken any term loan during the year and there are no outstanding term loans at the beginning of the year and hence, reporting under clause 3(ix)(c) of the Order is not applicable.

(d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.

(e) Company does not have any subsidiary, reporting under clause 3(ix)(e) of the Order is not applicable.

(f) The Company has not raised any loans during the year and hence reporting on clause 3(ix)(f) of the Order is not applicable.

(x) (a) No moneys has been raised by way of initial public offer or further public offer (including debt instruments) during the year by the Company. Accordingly, the provisions of clause 3(x) (a) of the order is not applicable to the Company.

(b) The company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, the provisions of clause 3(x) (b) of the order is not applicable to the Company.

(xi) (a) Based on the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company has been noticed or reported during the year. Accordingly, the provisions of

clause 3(xi) (a) of the order is not applicable to the Company.

(b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of audit procedures.

(xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a),(b) and (c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) (a) Company does not have an internal audit system commensurate with the size and nature of its business.

(b) The internal audit reports for the period under audit were not considered as they does not give any discrepancy or input on stock , physical verification of asset , ageing , debit credit balances of same parties , employees old balances etc. . Compliance of the internal audit reports and audit committee findings needs lot of improvement.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause 3(xvi)(a) of the Order is not applicable to the Company.

(b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(d) As represented by the management, the Group does not have more than one Core Investment Company (CIC) as part of the Group as per the definition of Group contained in the Core Investment Companies (Reserve Bank) Directions, 2016.

(xvii) The Company has not incurred cash losses in the current year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, data is not generated from SAP Software as such we are unable to comment, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) (a) The Company is not required to transfer amounts to a fund specified in Schedule VII of the Companies Act in compliance with second proviso to sub section (5) of section 135 of the Act. Accordingly, requirement to report on Clause 3(xx) (a) and (b) of the Order is not applicable to the Company

(xxi) The Company is not required to prepare consolidated financial statements. Accordingly, requirement to report on Clause 3(xxi) of the Order is not applicable to the Company.

**For and on behalf of**
**AAJV and Associates**
**Chartered Accountants**
**Firm Registration No. 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**Membership No. 086306**
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**
**Date : 26-03-2025**

# Annexure – B to the Independent Auditor's Report

**Referred to in paragraph 2(g) under "Report on other legal and regulatory requirements" of our report of even date**

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

We have audited the internal financial controls over financial reporting of AI Engineering Services Limited ("the Company") as of March 31st, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 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 Act.

**Auditor's Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

According to the information and explanations given to us and based on our audit, the following weaknesses have been identified as at March 31, 2024:

i) The Company did not have an effective system for timely accounting of entries, to prevent duplicate / rectification accounting entries. Accounting books in SAP are not freeze as some entries are passed even after the signing of Balance sheet. Internal control for freeze of one year financial statement and passing of the entry rights are with one person which needs check to control by senior position person.

ii) There should be maker checker process to have better control process. One single entry of Rs 5,99,27,09,319.87/- (SAP Document No 8103013661) passed and then corrected by reversal which should have been check by the approval authority .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.

## 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.

## OPINION

In our opinion, except for the effects/possible effects of the material weaknesses described above on the achievement of the objectives of the control criteria, the Company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of 31st March 2024 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of March 31st, 2024 standalone financial statements of the Company, and these material weaknesses do affect our opinion on the standalone financial statements of the Company.

**For and on behalf of**
**AAJV and Associates**
**Chartered Accountants**
**Firm Registration No. 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**Membership No. 086306**
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**
**Date : 26-03-2025**

# Compliance Certificate

We have conducted the audit of accounts of AI Engineering Services Limited for the year ended 31st March, 2024 in accordance with the directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions issued to us.

**For and on behalf of**
**AAJV and Associates**
**Chartered Accountants**
**Firm Registration No. 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**Membership No. 086306**
**UDIN- 25086306BMJPGQ3089**

**Place : Faridabad**
**Date : 26-03-2025**

# Management Replies on Statutory Auditors' Report for the FY 2023-24

**AIESL Response to Emphasis of Matter**

| AUDIT OBSERVATION | MANAGEMENT REPLY |
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| 1. The Company has written a letter to Department of Public Enterprise dated 01.09.2020 for exemption of Section 149 (4), Section 177 and Section 178 of The Companies Act 2013, relating to appointment of Independent Directors, Constitution of Audit Committee and Constitution of Nomination and Remuneration Committee respectively. Reply is awaited from Department of Public Enterprise. | This is a statement of fact.<br>As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committees is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020 followed by reminder vide mail dated 10.05.2024. Response from DPE to the said letter is still awaited. |
| 2. a) As per para 9 of Ind-AS 2 on Inventories:<br>AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only . RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data .Inventory valuation for balance sheet has been taken a value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified . Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company.Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value . In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, | a) Majority of the inventories had been transferred by the then Air India Limited (AIL) to the company in the financial year 2017-18 (approx. Rs. 415.59 million). This was only book transfer, and no physical handover-takeover had taken place.<br>Both RAMCO and SAP software were managed by the erstwhile holding company Air India Limited till September' 23. Moreover, material management functions for AIESL were also being discharged by Air India Limited. Configuration of Material masters, GL masters, flow of information from RAMCO to SAP etc were also managed by Air India Limited employees and ERP manager/ consultants of the then holding company.<br>Moreover, the finance team also comprised of the AIL Personnel, who were put on deputation to AIESL. No physical verification of inventory items was carried for quite some time. Many items, which were in the nature of assets were also included in inventory. Some inconsistent practices got developed among the users resulting in further imbalances and mismatches in the inventory accounting and balances.<br>In the absence of reconciliation of physical and book balance for several years, the problem got far from resolution.<br>During the current year, certain actions for resolution of the problem were undertaken. These included: |

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| we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement.<br><br>b) 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. | i) AIESL engaged independent RAMCO and SAP consultant wef Oct' 2023.<br><br>ii) Separate material management department has been setup in AIESL.<br><br>iii) A dedicated finance person retired form AIL has been engaged for regular interaction with RAMCO, MMD team for regular monitoring and correction.<br><br>iv) Users have been strictly advised not to include spares/ materials brought by the customers in the AIESL inventory.<br><br>v) Items earlier included in inventory have been capitalized during 2022-23 and 2023-24. Further action for 2024-25 is also under progress.<br><br>vi) Suitable controls have been put in place in RAMCO to ensure that all accounting entries for transactions recorded in RAMCO are posted in SAP without any exception.<br><br>vii) The existing provision of Rs 50 crores (created in 2022-23) is maintained to take care of any reduction in value of inventory.<br><br>viii) A physical verification of all inventory items at all the stations is planned on 31st March 2025 in order to establish the correct value of inventory items.<br><br>With the above actions, it is expected that the issues will be considerably resolved during the financial year 2024-25.<br><br>Liability for material received is booked at the time of receipt of material in RAMCO. Such entries are credited to an intermediate account and later on moved to vendors account on receipt of invoice.<br><br>b) As per para 9 of Ind-AS 2 on Inventories "Inventories shall be measured at cost or net realizable value.<br><br>However, as per para 21 "Techniques for the measurement of cost" Techniques for the measurement of the cost of inventories, such as the standard cost method or the retail method, may be used for convenience if the results approximate cost. Standard costs take into account normal levels of materials and supplies, labour, efficiency and capacity utilisation. They are regularly reviewed and, if necessary, revised in the light of current conditions. |

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| | **Further, as per para 25 "Cost Formula" The cost of inventories, other than those dealt with in paragraph 23** (para – 23 The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects shall be assigned by using specific identification of their individual costs.), **shall be assigned by using the first-in, first-out (FIFO) or weighted average cost formula**. An entity shall use the same cost formula for all inventories having a similar nature and use to the entity. For inventories with a different nature or use, different cost formulas may be justified.<br>The valuation of the inventory has been done by us on weighed average basis as permitted. |
| 3. Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases Assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value .Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27 as been capitalized with adjustment to inventory. We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending. | Asset capitalization is a separate process from the payment of the vendor's invoices and action is carried out by a separate section. There is generally gap between date of acquisition, date of payment and the date of capitalization since the details such as vendor invoices, material receipt including material description and assets codes as well as incidental costs such as custom duty, handling charges etc are available at different sources and some time is required for collection and collation of the same. During the year, there were delays in completing the process. However, the same was completed as per prescribed accounting procedures and standards.<br>As per accounting policy of the company, duly disclosed vide note no. 2(a)-2(ii) 'Depreciation on addition to assets is provided for the full year of acquisition and no depreciation is provided in the year of disposal'.<br>Further, as disclosed vide note 2(a)-iv, in respect of some assets (imported tools), the company has capitalized freight and handling charges for ₹0.64 million on estimation basis, which is in line with the Frequently Asked Question no -10 of Educational Material on Ind AS 16.<br>The company has capitalized Property, Plant & Equipment based on the value of purchase order due to mismatch in few invoice values of the vendor as compared to the purchase order (USD 11,361), since the assets have been received and put into use but payment has yet to be made by the company to the vendor due to discrepancies in the invoices etc. This has been disclosed in note2(a).v |

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| | During the physical verification of assets, few tools have been identified as surplus. Since some of these surplus items were found to be part of inventory, the same have been removed from inventory and capitalized the historical value as appearing in RAMCO software. . For the rest of the surplus items, required action for suitable adjustments are to be carried out in coming years along with reconciliation/ verification of inventory items. This has been disclosed in note no. 2 (a). iii. |
| 4. MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest. | Then Air India Ltd was maintaining centralized vendor master having all vendor details including MSME / MSE status. A dedicated team was managing the vendor master. In AIESL there is no dedicated SAP team managing the vendor master, hence the vendor data in SAP may not be updated with all details. In view of the same, details of MSME vendor maintained by the PPMM department is consider for identifying, cases of delayed payment for provisioning of interest.<br>Effort shall be made to put in a system for updating the vendor data in SAP. |
| 5. Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports. | In some of the customer accounts both open debit and credit line items exist. For the purpose of computing the ageing, the same have been adjusted manually on FIFO basis. This is also disclosed vide note no. 6.1 (ii) ) |
| 6. Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF (Rs 53,83,77,810.05) not accounted by company properly out of Rupees 1956056851.98 Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing. | In cases of accrued revenue as on 31st March, the company accounted revenue as unbilled revenue by debiting the customer account in cases of billing done during first quarter of the subsequent year. In other cases outstanding recoveries is debited instead of customer account. However, this shall be reviewed for necessary corrective action.<br>Due to intra departmental communication gap, there have been few errors in advising billing action for supplies and services provided to IAF SESF flights. Total amount of such missed billing was for Rs. 53.84 crores out of which Rs. 14.92 crores pertained to 2022-23. Necessary billing action for the same is in process.<br>Necessary action has also been taken to avoid such errors in future. |

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| 7. Company has numerous un-reconciled employees debit and credit balances as in two test cases R KALAICHELVAN of Rupees 1631471.75 since 2012 and S D AUGUSTINE DIVAKAR of Rupees 148276 since 2018 recoverable. The reconciliation and matching of certain unmatched receivables/ recoverable from staff and payables including certain control ledger is in the process. | Prior to disinvestment of Air India in 2021-22, a number of intercompany entries were transferred to the company by Air India. Some of these pertained to previous years for which sufficient supporting detail were not available. In case of Shri R Kalichelvan amounting to Rs 16.31 Lacs, the entry was transferred by Air India in 2021 whereas Shri R Kalichelvan superannuated in 2015. On referring the matter to Air India Ltd, it has been communicated by them that they do not have any supporting details at present. As an interim adjustment, the same has been charged to expenses during the financial year 2023-24.<br><br>There are both Dr and credit amount lying in the account of Sh S D Augustine Divakar and no outstanding against him is as on 31.03.2024.<br><br>There are some more outstanding amount against the employees largely pertaining to the transfers from M/s Air India. The same have been adjusted/ recovered during the last two years. Action for balance items is in progress. The balance as on 31.03.2024 has been charged to expenses during the year. |
| 8. Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year. | In respect of space occupied, company has entered into lease agreements with respective Airport Operators. However, the agreements with AAI has expired and pending renewal. MIAL had originally leased land and space to erstwhile Air India Ltd and was billing AIESL at the same rate after disinvestment of Air India Ltd. In 2022-23 MIAL provided a draft lease agreement which is yet to be executed as the proposed rates are on higher side and not accepted by AIESL.<br><br>In the year 2022-23 provision of Rs.39.58 crores was made in the books towards increased rentals. Since the rates have not been accepted, in the year 2023-24 no fresh provision was considered necessary as it was felt that provision made in 2022-23 would be sufficient to cater to potential upward revision. Accordingly, after adjusting lease rental expenditure of Rs.7.70 crores, the balance provision of Rs. 31.88 crores out of the provision made in 2022-23 have been retained in the books.<br><br>The company has year wise details of provisions as per the balance sheet. |

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| 9. Company has two oversees establishments in Dubai & Kathmandu, no separate books are maintained and there is no asset and liabilities of the Branches. Only Cash Flows in form of bank statement is maintained by HO for Dubai and there is no separate bank for Kathmandu. | All financial transactions for Kathmandu are carried out directly form India only.<br>At Dubia, there is a only a small office which is also under closure at present. Except a few customer and bank balance, there are no other assets/liabilities. |
| 10. Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizability and payment due. | In respect of customers, major accounts such as Air India, Air Express, AAAL and several other customer accounts consisting of approx. 87% of total receivables have been reconciled.<br>The balances shown in balance sheet are customer wise single balance after netting the debit and credit balances for a customer under all customer codes considered as single balance.<br>Some of the customers have multiple accounts in the company's books with different GL codes mainly due to GST requirement. The receipts are accounted in the main GL account of the customer and all the balances are grouped.<br>Some customers and vendors have responded and wherever the customer/ vendor balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority. |
| 11. Company has not deducted Income tax at source while accounting for provision for expenses. The impact of such non-compliance cannot be ascertained. | As per the accounting procedure of the company, any invoice in the SAP will be booked on appropriate approval from the concerned officials. However as per GAAP, at the end of the year the company has accounted the expenses on estimated basis to the extent it has been crystalized on which TDS has not been deducted and deposited.<br>Further as per the decision in case of Subex Ltd. Vs. DCIT (Karnataka High court) and in other various High Court decision and Income Tax Appellate Tribunal, no withholding tax is required to be deducted on year end provisions if payees not identified, amount is not certain and provision is reversed next year. Hence keeping the above point TDS has not been deducted on provisions. However, TDS has been deducted and deposited at the time of accounting of approved invoices in SAP. |

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| 12. 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. | As per the decision taken by the top management of group companies, interest has been levied based on an average of opening and closing balance. This practice is consistently followed by the group companies. Necessary amendments in MSA have been carried-out during Mar-22 itself. |
| 13. Company has not maintained proper records of foreign exchange earned and expended as foreign exchange earned as per note 36 & Note no-31 as details of figure mentioned are not from SAP and worked manually which cannot be verified. | There are no standard reports in SAP for this purpose. The details have been compiled based on invoices for income and expense booked during the respective years. |
| 14. Company has not complied with Ind AS 36 on *Impairment of assets*. | As per para 63 of Ind AS – 16 "Property, Plant and Equipment"<br><br>To determine whether an item of property, plant and equipment is impaired, an entity applies Ind AS 36, Impairment of Assets. That Standard explains how an entity reviews the carrying amount of its assets, how it determines the recoverable amount of an asset, and when it recognizes, or reverses the recognition of, an impairment loss.<br><br>**A.** Now as per Ind AS 36 "Impairment of Assets" first entity has to identify an asset that may be impaired. For the indication that an asset may be impaired, an entity shall consider para 12 of Ind AS 36 i.e., a minimum of the following: -<br><br>EXTERNAL FACTOR<br><br>(a) there are observable indications that the assets' value has declined during the period significantly more than would be expected as a result of the passage of time or normal use.<br><br>(b) significant changes with an adverse effect on the entity have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the entity operates or in the market to which an asset is dedicated. |

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| | (c) market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.<br>(d) the carrying amount of the net assets of the entity is more than its market capitalisation.<br>INTERNAL FACTOR<br>(e) evidence is available of obsolescence or physical damage of an asset.<br>(f) significant changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date, and reassessing the useful life of an asset as finite rather than indefinite.<br>(g) evidence is available from internal reporting that indicates that the economic performance of an asset is, or will be, worse than expected.<br><br>**B.** As per para 13 of Ind AS 36, an entity may identify other indications that an asset may be impaired and these would also require the entity to determine the asset's recoverable amount.<br>An impairment loss is the amount by which the carrying amount of an asset or a cash-generating unit exceeds its recoverable amount.<br>In the opinion of the management above indicators are not visible.<br>Further, As per para 59 of the Ind AS 36, If, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount. That reduction is an impairment loss. |

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| | As per management opinion, the company is having only one CGU i.e. providing MRO service and the carrying amount of assets in the books of the company may be less than its recoverable amount. |
| *15.*<br>A. Company does not have proper system of reconciliation of Trade receivable, Deposits received, deposits paid and trade payable hence we are unable to comment for correctness of its due and payable amount.<br>B. Company does not maintain TDS/TCS receivable details on real time Customer wise of Rupees 660991189.34 and there is no year wise reconciliation in absence of payment details. More over year wise breakup of excess tax paid of Rupees 9218690 is also not available. The Company is in process of reconciliation of revenue and tax deducted at source as accounted in financials and as per 26 AS. There are advance TDS payments for salary & others which remain unconsumed Rupees 5121512.30 /- from so many years. It implies that there is no control or procedure for regular deposit of TDS and set off with regard to liability of TDS.<br>C. Good & Service Tax (GST) has Opening Negative Liability of 5,70,27,933/- which has still closing balance of 8,26,31,887/- besides GST accounts net debit balances of 34,27,83,762.19 which is in the process of reconciliation with the returns filed and statutory records maintained by the company. Opening Negative Liability and Other Debit balances are quite old and no year wise breakup is available. | A) In respect of customers, major accounts such as Air India, Air Express, AAAL and several other customer accounts consisting of approx. 87% of total receivables have been reconciled.<br>The balances shown in balance sheet are customer wise single balance after netting the debit and credit balances for a customer under all customer codes considered as single balance.<br>Some of the customers have multiple accounts in the company's books with different GL codes mainly due to GST requirement. The receipts are accounted in the main GL account of the customer and all the balances are grouped.<br>Some customers and vendors have responded and wherever the customer/ vendor balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.<br>B) TDS/TCS are accounted Customer wise at the time of accounting of the receipts itself based as per the details from the customers. However, in cases of delay in receipts of details from the customers, the same are accounted only at the time of receipt of details. At the year end, on the basis of 26 AS details, accounting of TDS credits are also done for the balance amount.<br>C) Good & Service Tax (GST), Tax deducted at source and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of reconciliation and approval from appropriate authority. |

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| 16. As per the policy of the company, for the physical verification of PPE, the Company has appointed<br>A) 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 11th Jul, 2024 showing unidentified not found 25 items having WDV of ₹ 1.12 million as per Report and found 6857 excess items.<br>B) Professional firm Kolkata report dated 22nd jul 2024 not found 82, excess found 1059<br>C) Thiruvanthapuram report dated 15th jul, 2024 not found 11 , excess found 1978. The discrepancies and excess found will be adjusted / accounted for after taking approval from the competent authority.<br>Further, as per report submitted, 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 | 16. ( A to C) The details of physical verification of assets and resultant surplus/shortages has been stated at para 2(a )- iii of notes to accounts. |
| 17. Prior period expenses NIL and Prior period income related to previous year 2022-23 to the tune of Rs.149.22 million has been booked in the year 2023-24 ( P.Y. Prior period income 175.66 million & Prior period expenses 517.49 million). The book of 2022-2023 has been restated and consequential adjustments / disclosure has been made in respective years. | 17. This is a statement of fact as disclosed vide note 24 of notes to accounts. |

**Management response to Key Audit Matters.**

| Key Audit Matters | Management Response |
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| 1. AIESL has been using two software for maintaining accounts RAMCO for Billing, material movement, inventory and Financial accounts are maintained on SAP which is not interlinked .Both software operate on independent data whereas RAMCO is Prime DATA which maintains Aircraft Inventory and Non-Aircraft inventory is maintained in SAP only .RAMCO data is pulled in SAP by automatic process for accounting entries and there is no process of reconciliation of data. Inventory valuation for balance sheet has been taken a | Management response to this key audit matter has already been provided at Sl.No 2(a) of the Emphasis of the matter. |

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| value from SAP Software and there is difference of Rupees Rs 9,15,68,819.56/- in year 2023-24 without opening balance in both the software which cannot be verified . Automatic data entry's control of SAP GRIR & Supplier suspense reconciliation is also not done by the company. Inventory as per SAP on year end Mar'24 is 683958784.58 where there is provision of 50 Crores unverifiable inventory continuing from Last year. In some cases quantity detail as per RAMCO software is negative whereas for valuation quantity shows positive value .In the absence of any cross/Physical verification of inventory and non-reconciliation data of RAMCO & SAP Inventory Value reports cannot be trusted. In the absence of reconciliation of the value, we are unable to comment for the impact of above on the profit, asset and liabilities figure of the company as some balances are negative since opening. Since long material and services received but invoices not booked especially import related and even advances to vendor including old debit balances in vendor. Invoices booked in many cases after more than one year of material or services received, due to not receiving invoices from Boeing / MMD department. Account statement/confirmation is not available from import vendors. There is no control system of timely submission and follow-up of Import invoices and account statement. | |
| **2.** Fixed Assets capitalization is not done on date of acquisition or date of usage as in most of the cases Assets are capitalized at year end and depreciation is charged for full year in case of addition to fixed assets. Company does not have a proper system of capitalization value of assets, as in certain cases on test check value of incidental expenses at the time of purchase of assets are not accounted properly and in one case fixed asset capitalized on purchase order due to mismatch in invoice value . Physical verification of assets has surplus and unidentified items out of which Rupees 4,59,18,152.27 has been capitalized with adjustment to inventory.We are unable to verify since some assets are quite old which may have depreciated by now and action for unidentified Items is pending. | Management response to this key audit matter has already been provided at Sl.No 3 of the Emphasis of the matter. |

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| **3.** MSME vendors payment and interest applicability is maintained on manual basis whereas SAP has full system of identification which is not operative hence we are unable to verify the MSME payment and interest. | Management response to this key audit matter has already been provided at Sl.No 4 of the Emphasis of the matter. |
| 4. Company has worked out ageing manually from SAP generated report; there are numerous debit and credit entries in same customer account. As there is not proper system of accounts confirmation from Customers, we are unable to verify ageing reports. | Management response to this key audit matter has already been provided at Sl.No 5 of the Emphasis of the matter. |
| 5. Unbilled revenue is identified on annual basis out of current year billing which is debited in two ways , one by debit to Customer account directly and other to Outstanding recoveries Unbilled revenue is debited to customer account directly where same should accounted for in a separate head and on quarterly basis as against existing practice of annual for better control. During the year with our audit observation of supplier suspense loan order IAF SESF not accounted by company properly. Rupees 1956056851.98. Unbilled revenue was booked out of which Rupees 149218039.28 relates to previous year. This system error needs to be strengthening in RAMCO/SAP which missed its billing. | Management response to this key audit matter has already been provided at Sl.No 6 of the Emphasis of the matter. |
| **6.** Company has taken Land lease rights from MIAL and other airports where in agreements for rent and its liability is not fixed .Company has reversed provision of Rupees 395826315.36 of MIAL and not done any proper provision for the Year 2023-24 as such income of Company is overstated to that extent of rent payable to MIAL. Company has also been making provision of expenses and crediting to expense account directly whereas that should be maintained in separate account of provision. Amount of provision as per balance sheet does not have breakup of year wise expenses provided and adjusted during the year. | Management response to this key audit matter has already been provided at Sl.No 8 of the Emphasis of the matter. |
| **7.** Customer and Vendor accounts have debit and credit balances in separate ledgers wherein balance sheet net balance is shown as recoverable or payable. In the absence of reconciliation of parties we are unable to verify and comment on its realizablity and payment due. | Management response to this key audit matter has already been provided at Sl.No 10 of the Emphasis of the matter. |

## BALANCE SHEET AS AT 31ST MARCH 2024

(₹ in million)

| Particulars | Note No. | As at March 31, 2024 | As at March 31, 2023 (Restated)* |
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| **ASSETS :** | | | |
| **1) Non-current Assets** | | | |
| (i) Property, Plant & Equipment | 2 (a) | 5,089.36 | 5,482.69 |
| (ii) Right of use assets | 2 (b) | 40.35 | 53.80 |
| (iii) Capital Work-in-Progress | 2 (a) | 1,137.68 | 1,137.68 |
| (iv) Financial Assets: | | | |
| a) Others Financial Assets | 3 | 1.00 | 0.06 |
| (v) Deferred tax assets (net) | 4 | 1,739.26 | 1,550.14 |
| (vi) Income Tax Assets | 4 | - | - |
| | | **8,007.64** | **8,224.36** |
| **2) Current Assets** | | | |
| i) Inventories | 5 | 183.96 | 104.39 |
| ii) Financial Assets: | | | |
| a) Trade Receivables | 6 | 12,764.27 | 8,315.66 |
| b) Cash and Cash Equivalents | 7 | 2,213.27 | 397.84 |
| c) Bank Balance other than (b) above | 8 | 2,401.38 | 3,628.88 |
| d) Other Financial Assets | 3 | 25.12 | 14.97 |
| iii) Current Tax Assets | 4 | 330.52 | 886.67 |
| iv) Other Current Assets | 9 | 833.31 | 840.91 |
| | | **18,751.82** | **14,189.31** |
| **TOTAL** | | **26,759.46** | **22,413.68** |
| **EQUITY AND LIABILITIES :** | | | |
| **1) Equity** | | | |
| i) Equity Share Capital | 10 | 1,666.67 | 1,666.67 |
| ii) Other Equity | 11 | -7,060.37 | -9,417.65 |
| | | **-5,393.71** | **-7,750.99** |
| **2) Liabilities:** | | | |
| **Non Current Liabilities** | | | |
| i) Financial Liabilities | | | |
| a) Lease liabilities | 2 (c) | 33.14 | 46.27 |
| b) Trade Payables | 13 | - | - |
| c) Other Financial Liabilities | 14 | 20,822.96 | 21,739.44 |
| ii) Non-Current Provisions | 12 | 6,284.77 | 3,773.08 |
| iii) Other Liabilities | | - | - |
| | | **27,140.88** | **25,558.78** |
| **Current Liabilities** | | | |
| i) Financial Liabilities | | | |
| a) Lease liabilities | 2 (c) | 13.12 | 11.31 |
| b) Trade Payables | 13 | | |
| - MSME | | 48.04 | 31.30 |
| - Other than MSME | | 2,198.03 | 1,390.60 |
| c) Other Financials Liability | 14 | 954.83 | 757.97 |
| ii) Current Provisions | 12 | 1,376.74 | 1,466.99 |
| iii) Other Current Liabilities | 15 | 421.52 | 947.72 |
| | | **5,012.29** | **4,605.88** |
| **TOTAL** | | **26,759.46** | **22,413.68** |

**Notes no. 1-40 forming integral part of the Financial Statement**
***Refer note 24 for details regarding the restatement as a result of error or omission**

**As per our report of even date attached**

**For and on Behalf of**

**AAJV and Associates**
**Chartered Accountants**
**FRN : 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**M.No. 086306**
**UDIN : 25086306BMJPGQ3089**

**Place : New Delhi**
**Date : 26-03-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN 11001643**

**Sd/-**
**Padam Lal Negi**
**Director**
**DIN 10041387**

**Sd/-**
**Sharad Agarwal**
**Chief Executive Officer**

**Sd/-**
**Rakesh Kumar Jain**
**Chief Financial Officer**

**Sd/-**
**Sakshi Mehta**
**Company Secretary**

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2024

(₹ in million)

| | Particulars | Note No. | 2023-24 | 2022-23 (Restated)* |
|---|---|---|---|---|
| | **Income** | | | |
| I | Revenue from Operations | 16 | 20,879.83 | 19,683.24 |
| II | Other Income | 17 | 923.70 | 764.59 |
| III | **Total Income (I+II)** | | **21,803.53** | **20,447.83** |
| IV | **Expenses** | | | |
| i | Employee Benefit Expenses | 18 | 7,653.24 | 6,855.75 |
| ii | Finance Costs | 19 | 1,856.64 | 1,920.84 |
| iii | Depreciation and Amortization Expense | 2(a) & 2(b) | 610.36 | 592.73 |
| iv | Other Expenses | 20 | 5,404.27 | 4,818.79 |
| | **Total Expenditure (i+ii+iii+iv)** | | **15,524.50** | **14,188.11** |
| | **Total Expenditure After Prior Period Adj** | | **15,524.50** | **14,188.11** |
| V | **Profit/ (Loss) before Exceptional Items and Tax (III-IV)** | | **6,279.03** | **6,259.72** |
| VI | Exceptional Items | 26 | -2,595.03 | 2,334.21 |
| VII | **Profit/ (Loss) before Extraordinary Items and Tax (V+VI)** | | **3,684.00** | **8,593.93** |
| VIII | **Tax Expenses :** | | | |
| | i) Current Tax | | 1,407.22 | 338.97 |
| | ii) Deferred Tax Expense/(Income) | | -189.12 | 1,652.73 |
| | iii) Tax Adjustment relating to earlier year | | -83.97 | 168.31 |
| IX | **Profit/ (Loss) after Tax for the period (IX-X)** | | **2,549.87** | **6,433.92** |
| X | **Other Comprehensive Income** | | | |
| | Acturial Gain/(Loss) on Defined benefit obligation | | -192.59 | 10.42 |
| | **Total Comprehensive Income** | | **2,357.28** | **6,444.35** |
| XI | **Earning per Share of Rs. 10 each** | | | |
| | **Basic** | 21 | **15.30** | **38.60** |
| | **Diluted** | 21 | **15.30** | **38.60** |

**Notes no. 1-40 forming integral part of the Financial Statement**
***Refer note 24 for details regarding the restatement as a result of error or omission**

**As per our report of even date attached**

**For and on Behalf of**
**AAJV and Associates**
**Chartered Accountants**
**FRN : 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**M.No. 086306**
**UDIN : 25086306BMJPGQ3089**

**Place : New Delhi**
**Date : 26-03-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN 11001643**

**Sd/-**
**Padam Lal Negi**
**Director**
**DIN 10041387**

**Sd/-**
**Sharad Agarwal**
**Chief Executive Officer**

**Sd/-**
**Rakesh Kumar Jain**
**Chief Financial Officer**

**Sd/-**
**Sakshi Mehta**
**Company Secretary**

# CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2024

**Accounting Policy**

Cash flows are reported using the indirect method as set out in the Indian Accounting Standard 7 (IndAS-7) on "Cash Flow Statements", where by profit for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(₹ in million)**

| | Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | Net (Loss) / Profit Before Taxes and Exceptional Items: | | 6,279.03 | | 6,259.72 |
| | Adjustment for : | - | - | | - |
| | Depreciation and amortisation expenses | 610.36 | | 592.73 | |
| | (Loss) / Profit from sale of Property Plant & Equipments (Net) | 0.86 | | 8.23 | |
| | Interest on Call & Fixed Deposit | -376.18 | | -154.01 | |
| | Interest Expense | 1,852.18 | | 1,915.49 | |
| | Interest on lease liabilities | 4.46 | | 5.35 | |
| | Provision for Expected Credit Loss | 73.23 | | 142.72 | |
| | Provision no Longer Required | 21.16 | | 15.76 | |
| | Provision for Inventory Reconciliation | - | | 500.00 | |
| | Net unrealised exchange gain | 45.31 | | 67.62 | |
| | Re-measurement of employee benefits obligations | -192.59 | | 10.42 | |
| | Other Adjustments | -2,511.05 | -472.27 | 2,165.90 | 5,270.23 |
| | **Operating (Loss) / Profit Before Working Capital Changes** | | **5,806.76** | | **11,529.95** |
| | Change in Assets & Liabilities | | - | | - |
| | Trade and Other Receivables | -4,567.16 | | -2,991.51 | |
| | Trade and Other Payables | 824.18 | | -2,010.23 | |
| | Other Financial Assets & Other Assets | 1,920.11 | | -4,386.09 | |
| | Other Financial Liabilities & Other Liabilities | -2,104.92 | -3,927.79 | -4,518.25 | -13,906.08 |
| | **Cash flow from operations** | | **1,878.97** | | **-2,376.13** |
| | Net Income Tax (Paid)\Refund | | -188.01 | | 266.61 |
| | **Net Cash Flow (used in)/ from Operating Activities** | | **1,690.96** | | **-2,109.52** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Acquisition of Fixed Assets | -206.67 | | -150.12 | |
| | Sale of Property Plant & Equipments (Net) | 2.23 | | 0.00 | |
| | Interest Income | 344.68 | 140.25 | 103.09 | -47.03 |
| | **Net Cash Flow used in Investing Activities** | | **140.25** | | **-47.03** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Hire Charges of Right of Use Assets | -15.77 | | -15.02 | |
| | **Net Cash Flow from/(used in) Financing Activities** | | **-15.77** | | **-15.02** |

| | | | | | |
|---|---|---|---|---|---|
| | **Net increase/ (Decrease) in Cash and Cash equivalents** | | 1,815.43 | | -2,171.57 |
| | **Cash and Cash equivalents (Opening balance)** | | **397.84** | | **2,569.40** |
| | **Cash and Cash equivalents (Closing balance)** | | **2,213.27** | | **397.84** |
| | **Component of Cash and Cash Equivalents** | | | | |
| | Cash in hand | 0.46 | | 0.60 | |
| | Balance in Current Account | 32.71 | | 83.83 | |
| | Other Deposit Account | 2,180.10 | | 313.40 | |
| | Draft/Chq. In Hand | - | **2,213.27** | - | **397.84** |

**Notes no. 1-40 forming integral part of the Financial Statement**

**As per our report of even date attached**

**For and on Behalf of**
**AAJV and Associates**
**Chartered Accountants**
**FRN : 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**M.No. 086306**
**UDIN : 25086306BMJPGQ3089**

**Place : New Delhi**
**Date : 26-03-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN 11001643**

**Sd/-**
**Padam Lal Negi**
**Director**
**DIN 10041387**

**Sd/-**
**Sharad Agarwal**
**Chief Executive Officer**

**Sd/-**
**Rakesh Kumar Jain**
**Chief Financial Officer**

**Sd/-**
**Sakshi Mehta**
**Company Secretary**

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2024

| A. Equity Share Capital | As at 31.03.2024 | | As at 31.03.2023 | |
|---|---|---|---|---|
| | No. of Share | ₹ in million | No. of Share | ₹ in million |
| Balance at the beginning of the reporting period | 166.67 | 1,666.67 | 166.67 | 1,666.67 |
| Changes in equity share capital due to prior period errors | - | - | - | - |
| Restated balance at the beginning of the current reporting period | 166.67 | 1,666.67 | 166.67 | 1,666.67 |
| | | | | |
| Changes in equity share capital during the year | | | | |
| Add: Equity Shares alloted during the year | - | - | - | - |
| Less: Buybacks | - | - | - | - |
| | | | | |
| Balance at the end of reporting period | **166.67** | **1,666.67** | **166.67** | **1,666.67** |

**(₹ in million)**

| Particulars | Other Equity (Restated) | | Total equity attributable to equity Holders of the company |
|---|---|---|---|
| | Reserves and Surplus | Other comprehensive income - Reserve | |
| | Retained Earnings | Remeasurement of defined benefit plans | |
| **Opening Balance as at 1 April 2022** | -15,862.00 | **-** | **-15,862.00** |
| Effect of Deferred Tax Asset of earlier years | - | - | **-** |
| Profit/(Loss) for the period | 6,284.71 | - | **6,284.71** |
| Add/Less: Prior Period Adjustments | 149.22 | - | **149.22** |
| Other Comprehensive Income/(loss) | - | 10.42 | **10.42** |
| **Balance as at 31 March 2023** | **-9,428.08** | **10.42** | **-9,417.65** |
| | | | |
| **Opening Balance as at 1 April 2023** | -9,417.65 | **-** | **-9,417.65** |
| Effect of Deferred Tax Asset of earlier years | - | - | **-** |
| Profit/(Loss) for the period | 2,549.87 | - | **2,549.87** |
| Add/Less: Prior Period Adjustments | - | - | **-** |
| Other Comprehensive Income/(loss) | - | -192.59 | **-192.59** |
| **Balance as at 31 March 2024** | **-6,867.78** | **-192.59** | **-7,060.37** |

**Notes no. 1-40 forming integral part of the Financial Statement**

**As per our report of even date attached**

**For and on Behalf of**
**AAJV and Associates**
**Chartered Accountants**
**FRN : 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**M.No. 086306**
**UDIN : 25086306BMJPGQ3089**

**Place : New Delhi**
**Date : 26-03-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN 11001643**

**Sd/-**
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**Director**
**DIN 10041387**

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**Chief Executive Officer**

**Sd/-**
**Rakesh Kumar Jain**
**Chief Financial Officer**

**Sd/-**
**Sakshi Mehta**
**Company Secretary**

**Overview & Notes forming part of the financial statements as at and for the year ended March 31, 2024**

**NOTE "1" : OVERVIEW**

**A. Corporate Information**

AI Engineering Services Limited (a wholly owned subsidiary of AI Assets Holding Limited a Government of India Company) is a public limited company incorporated in India under the provisions of the Companies Act applicable in India with a CIN: U74210DL2004GOI125114. The Company has changed its name from Air India Engineering Services Limited to AI Engineering Services Limited dated 3rd August, 2020. The registered office of the company is situated at: 2nd Floor, CRA Building, Safdarjung Airport, New Delhi - 110003. The company secured DGCA approval for providing MRO services from 1stJanuary, 2015. The company is providing aircraft engineering related services, Line Maintenance Services and MRO services to Indian and Foreign parties, mainly airlines.

The Financial Statements have been approved for issue in accordance with a resolution of the Board of directors passed in its meeting held on 26-03-2025.

**B Material Accounting Policies**

A summary of the material accounting policies applied in the preparation of the financial statements are as given below. These accounting policies have been applied consistently to all periods presented in the financial statements. It allows for an understanding as to how material transactions, other events and conditions are reported.

**i) Compliance with Ind AS**

The Financial Statements of the company for the year ended 31st March 2024 have been prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair values, the provisions of the Companies Act, 2013 ("the Act") (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and relevant amendment rules issued thereafter. Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**ii) Basis of Preparation & Presentation of Financial Statement**

The financial statements have been prepared and presented on going concern basis and under the historical cost convention on accrual basis except for certain financial assets and liabilities which are measured at fair value or amortized cost at the end of each financial year.

The financial statements of the Company comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act") read with Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time and other relevant provisions of the Act.

All assets and liabilities have been classified as current (within 12 months) and non-current (after 12months) as per the Company's operating cycle and other criteria as set out in the Division II of Schedule III to the Companies Act, 2013.

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as "The Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly, current liabilities and current assets include the current portion of non-current financial liabilities and assets.

**iii) Fair Value Measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly

transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Fair value for measurement and/or disclosure purposes in these Financial Statements within the scope of Ind AS 116, Financial Statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1,2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the Balance Sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

**C. Use of Estimates, Judgements & Assumptions**

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates and judgements are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statements.

**D. Borrowing Cost**

i. Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.

ii. Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.

**E. Impairment of Assets**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non - financial asset has been impaired. If any such indication exists, the provision for impairment

is made in accordance with IND AS-36. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs. If such assets are considered to be impaired, the impairment to be recognized in the Statement of Profit and Loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the Statement of Profit and Loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated depreciation) had no impairment loss been recognized for the asset in prior years.

**F. New Standards, Interpretations and Amendments Adopted by the Company**

Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

**G. Threshold Limit**

The Company has adopted following materiality threshold limits in the classification of expenses/incomes and disclosure:

| Threshold Items | Unit | Threshold Value |
|---|---|---|
| Prior Period Expenditure/Revenue | | |
| - Restatement based on individual limits | ₹ in million | 80 |
| - Restatement based on overall limits | | 1% of Total Revenue of previous financial year |
| Fair Valuation of Financial Instruments | ₹ in million | 80 |
| Procurement of Property, Plant and Equipments | INR | ₹ 5,000.00 |

# Notes to Financial Statements For The Year Ended March 31, 2024

## NOTE "2(a)" : PROPERTY, PLANT AND EQUIPMENT

### Accounting Policy

### 1. Property Plant & Equipment

a. Property Plant and Equipment are stated at cost including incidental costs incurred pertaining to the acquisition and bringing them to the location for use and interest on loans borrowed where applicable, upto the date of putting the concerned asset to use.

b. Physical Verification of Assets

Physical Verification of Assets is done on a rotational basis so that every asset is verified once in every three years in the below mentioned order and the discrepancies, if any, observed are dealt with in the books of accounts accordingly.

| S. No. | Location | Year |
|---|---|---|
| 1 | Delhi and Kolkata | 2023-24 |
| 2 | Hyderabad, Thiruvanthapuram and all other small locations | 2024-25 |
| 3 | Mumbai and Nagpur | 2025-26 |

### 2. Depreciation / Amortization

i. Depreciation is provided on all assets on straight-line method over the useful life of assets as provided in Part C of Schedule II of the Companies Act 2013, keeping a residual value of 5% of the original cost.

ii. Depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.

iii. Intangible asset which has a definite useful economic life are amortized over the estimated useful life. Intangible Assets which have an indefinite useful life are tested for impairment.

| Sr. No. | Particulars | GROSS BLOCK | | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at April 01, 2023 | Additions | Other Adjustments | Disposals / Adjustments | As at March 31, 2024 | As at April 01, 2023 | For the year | Deductions/ Adjustments | Total Upto March 31, 2024 | As at March 31, 2024 | As at March 31, 2023 |
| **TANGIBLE ASSETS :** | | | | | | | | | | | | |
| **a)** | **Land** | 208.54 | - | - | - | 208.54 | - | - | - | - | 208.54 | 208.54 |
| **b)** | **Buildings** | 2,654.47 | 2.72 | - | - | 2,657.19 | 211.38 | 103.33 | - | 314.71 | 2,342.49 | 2,443.09 |
| **c)** | **Plant & Equipment** | | | | | | | | | | | |
| | Workshop Equipment, Instruments, | 2,553.05 | 182.33 | - | 7.09 | 2,728.29 | 1,421.03 | 233.30 | 6.26 | 1,648.07 | 1,080.22 | 1,132.02 |
| | Machinery and Plants | 1,934.77 | 3.92 | - | 0.01 | 1,938.68 | 410.06 | 185.50 | 0.01 | 595.55 | 1,343.13 | 1,524.71 |
| | GH & Ramp Equipment | 0.86 | - | - | - | 0.86 | 0.36 | 0.18 | - | 0.54 | 0.32 | 0.50 |
| **d)** | **Furniture & Fixtures** | 64.03 | 1.31 | - | 2.29 | 63.04 | 26.78 | 11.23 | 0.22 | 37.79 | 25.26 | 37.25 |
| **e)** | **Electrical Fittings** | 218.81 | 1.42 | - | - | 220.22 | 103.05 | 51.57 | - | 154.62 | 65.61 | 115.76 |
| **f)** | **Computer System** | 23.50 | 11.12 | - | 0.76 | 33.86 | 14.04 | 7.69 | 0.56 | 21.16 | 12.69 | 9.46 |
| **g)** | **Vehicles** | 12.61 | 1.85 | - | - | 14.46 | 8.24 | 1.65 | - | 9.89 | 4.58 | 4.38 |
| **h)** | **Office Equipment** | 20.18 | 2.00 | - | - | 22.17 | 13.19 | 2.46 | - | 15.65 | 6.52 | 6.99 |
| **TOTAL FOR TANGIBLE ASSETS** | | **7,690.80** | **206.67** | **-** | **10.15** | **7,887.33** | **2,208.11** | **596.91** | **7.05** | **2,797.97** | **5,089.36** | **5,482.69** |
| **Capital Work-in-Progress (Refer Note No. 2(a).i)** | | 1,137.68 | - | - | - | 1,137.68 | - | - | - | - | 1,137.68 | 1,137.68 |

## Notes to Financial Statements For The Year Ended March 31, 2024

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Capital Work-in-Progress | 1,137.68 | - | - | - | 1,137.68 | - | - | - | - | 1,137.68 | 1,137.68 |
| Grand Total | 8,828.48 | 206.67 | - | 10.15 | 9,025.01 | 2,208.11 | 596.91 | 7.05 | 2,797.97 | 6,227.03 | 6,620.37 |

**Note 2(a).i:** GEnx / GE90 Engine Overhaul Workshop, a capital work in progress (CWIP) at Nagpur of ₹ 1137.68 million had been transferred by the then Air India Limited in April, 2021 to the company based on the decision of the Board of the then Air India Limited and AIESL. The project was started in the year 2017 by the then Air India Limited. During the FY 2022-23 a capital budget provision of ₹ 600 million for the completion of the under-construction facilities was proposed by the company and the board had approved the same subject to the novation of the agreements with PMC and contractors in favour of AIESL which was earlier entered into by Air India Limited and GBSA with GE so that offset credit USD million could be made available to AIESL. However, none of the above-mentioned contracts could be novated in favour of AIESL hence no capital expenditure for the subject work was incurred during the financial year. Further, considering the negligible changes of any further headway in this regard, no provision for the same was made in the capital budget for the financial year 2024-25. Further necessary action in this regard will be taken on review and approval from competent authority.

**Note 2(a).ii:** The above Property, Plant and Equipment includes building Jet 9D Test House which has been transferred from the then Air India Limited to the company as on 1st April, 2019. The building has been constructed by the then Air India Limited and book transfer to the company at carrying value of ₹ 10.42 million.

**Note 2(a).iii: Physical Verification & Reconciliation**

The company has completed physical verification of assets, bar code tagging and reconciliation of the same with the quantities as appeared in the fixed asset register at Delhi, Thiruvananthapuram and Kolkata (Previous Year Mumbai and Nagpur) locations. Accordingly, the company has completed physical verification of majority of total quantities of PPE / assets of the company. Details for the physical verification of Delhi, Thiruvananthapuram and Kolkata location are as under: -

| S. No. | Location | Surplus Quantities | Unidentified Quantities |
|---|---|---|---|
| 1 | Delhi | 6,857.00 | 24.00 |
| 2 | Thiruvananthapuram* | 1,978.00 | 48.00 |
| 3 | Kolkata | 1,063.00 | 82.00 |

* As per policy of the Company, the physical verification of Thiruvananthapuram location is due in 2024-25 however the same has been completed in 2023-24.

The unidentified items in all three locations having value of ₹ 1.62 million has been adjusted appropriately with the approval of the competent authority. Further, the surplus assets will be capitalised after its reconciliation with the items of inventory, stores and spares as appearing in the books of the company as it might be possible that the surplus assets may include in inventory, stores and spares of the company.

**Note 2(a).iv:** In respect of some assets (imported tools), the company has captaised freight and handling charges for ₹ 0.64 million on estimation basis.

**Note 2(a).v:** In few cases, the company has capitalised Property, Plant & Equipment based on the value of purchase order due to mismatch in the invoice value of the vendor as compared to purchase order (USD 11,361). However, assets have already been received and put to use but payment has not yet been made by the Company to the vendor. Further, the company was previously using material management system having common interface with the then holding company (Air India Limited) as a result of which the purchase order contains details of the then holding company and the vendor has also issued the invoice in the name of the then holding company and the same is under process for rectification.

# Notes to Financial Statements For The Year Ended March 31, 2024

## NOTE "2(b)" : RIGHT OF USE ASSETS

### Accounting Policies

### Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration and the company applied practical expedient to "grandfather approach" for the assessment of transactions as leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17. Leases as Lessee (Assets taken on lease) the Company applies a single recognition and measurement approach for all leases, except for short-term leases, leases of low-value assets and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty.

**As a lessee:**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

i. the contact involves the use of an identified asset,

ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

iii. the Company has the right to direct the use of the asset.

For the short-term, low-value leases and the lease contracts in which the lessee and the lessor each have the right to terminate the lease without permission from the other party with no more than an insignificant penalty, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**As a Lessor:**

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the Company is an intermediate lessor, it accounts for its interests in the head lease and the sublease separately. The sublease is classified as a finance or operating lease by reference to the ROU asset arising from the head lease. For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

**(₹ in million)**

| Particulars | Land |
|---|---|
| **Year ended March 31, 2024** | |
| **Gross carrying amount** | |
| Balance as at April 1, 2023 | 67.24 |
| Transition impact on adoption of Ind AS 116 | - |
| Additions | - |
| Deletions | - |
| **Balance as at March 31, 2024** | **67.24** |
| **Accumulated depreciation** | |
| Balance as at April, 1, 2023 | 13.45 |
| Additions | 13.45 |
| Deletions | - |

# Notes to Financial Statements For The Year Ended March 31, 2024

| | |
|---|---|
| **Balance as at March 31, 2024** | **26.90** |
| **Net carrying amount as at March 31, 2024** | **40.35** |
| | |
| **Particulars** | **Land** |
| **Year ended March 31, 2023** | |
| **Gross carrying amount** | |
| Balance as at April 1, 2022 | - |
| Transition impact on adoption of Ind AS 116 | - |
| Additions | 67.24 |
| Deletions | - |
| **Balance as at March 31, 2023** | **67.24** |
| **Accumulated depreciation** | |
| Balance as at April, 1, 2022 | - |
| Additions | 13.45 |
| Deletions | - |
| **Balance as at March 31, 2023** | **13.45** |
| **Net carrying amount as at March 31, 2023** | **53.80** |

**Note 2(b).i:** The aggregate depreciation expense on ROU assets is included under depreciation and amortization expense in the Statement of Profit and Loss.

**NOTE "2(c)" : LEASE LIABILITIES**

The following is the break-up of current and non-current lease liabilities as at March 31, 2024 and March 31, 2023:

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Lease liabilities on initial recognition as on 1st April** | **57.57** | **67.24** |
| Additions | - | - |
| Interest accrued | 4.46 | 5.35 |
| Lease principal payments | 11.31 | 9.67 |
| Lease interest payments | 4.46 | 5.35 |
| Reversal | 15.77 | 15.02 |
| As at 31st March:- | | |
| Current Lease Liabilities | 13.12 | 11.31 |
| Non-Current Lease Liabilities | 33.14 | 46.27 |
| **TOTAL** | **46.27** | **57.57** |

The table below provides details regarding the contractual maturities of lease liabilities as at 31st March 2024:

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Less than 1 year | 13.12 | 11.31 |
| 1- 5 Years | 33.14 | 46.27 |
| More than 5 years | - | - |
| **At March 31, 2023** | **46.27** | **57.57** |

**Note 2(c).i:** The company does not face a significant liquidity risk with regard to its lease liabilities as the current assets are sufficient to meet the obligations related to lease liabilities as and when they fall due.

# Notes to Financial Statements For The Year Ended March 31, 2024

## NOTE "3" : OTHER FINANCIAL ASSETS

(₹ in million)

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Non - Current | Current | Non - Current | Current |
| Bank Deposits - (With more than 12 Months maturity) (Refer Note No. 22.ii) | 1.00 | - | 0.06 | - |
| Security Deposits | - | 25.12 | - | 14.94 |
| Other Non Trade Receivable | - | - | - | 0.03 |
| **TOTAL** | **1.00** | **25.12** | **0.06** | **14.97** |

## NOTE "4" : INCOME TAXES

**Accounting Policy**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**Current income tax**

Provision for current tax, if any, is made in accordance with the provisions of Income Tax Act, 1961. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred Tax**

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized in respect for carry forward tax losses, un- availed tax credit and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be adjusted. Deferred tax assets unrecognized or recognized, are reviewed at each reporting date and are recognized / reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. The carrying amount of deferred tax assets is reviewed at the end of each reporting year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Significant management judgment is required to determine the probability of deferred tax asset. Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

**Minimum alternate tax (MAT)** paid in a year is charged to the Statement of Profit and Loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In such year the Company recognizes MAT credit as a deferred tax asset.The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to recoup all or part of the asset.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

# Notes to Financial Statements For The Year Ended March 31, 2024

**Current and deferred tax for the year**

Current and deferred tax are recognised in profit or loss, except when they are relating to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

**(₹ in million)**

Income tax expense in the statement of Profit and Loss comprises:

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| Current Tax | 1,407.22 | 338.97 |
| Deferred Tax Expense/(Income) | -189.12 | 1,652.73 |
| Tax Adjustment relating to earlier year* | -83.97 | 168.31 |
| **TOTAL** | **1,134.13** | **2,160.00** |

*This represents short / (excess) provision of income tax (net) of earlier years identified in the current year.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

| Particulars | For the year ended 31 March 2024 | For the year ended 31 March 2023 |
|---|---|---|
| Profit / (Loss) before tax | **6,279.03** | **6,259.72** |
| Total Taxable Income (A) | 5,445.61 | 7,459.22 |
| Carry Forward Loss (B) | - | 6,112.40 |
| Net Taxable Income (A-B) | **5,445.61** | **1,346.82** |
| Effective Income Tax Rate (%) | 25.168 | 25.168 |
| Loss brought forward | - | - |
| Income tax recognized in the statement of profit and loss | 1,407.22 | 338.97 |

The details of income tax assets and income tax liabilities as at March 31, 2024 and March 31, 2023:

**(₹ in million)**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Non - Current | Current | Non - Current | Current |
| Total Advance payment for Income Tax and TDS | - | 1,737.74 | - | 1,225.63 |
| Less: Provision for Tax | - | 1,407.22 | - | 338.97 |
| **Total** | **-** | **330.52** | **-** | **886.67** |

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended March 31, 2024 is as follows:

**(₹ in million)**

| Particulars | As at March 31st, 2024 | As at March 31st, 2023 |
|---|---|---|
| **Deferred tax liabilities on account of (DTL)** | | |
| Depreciation | 90.38 | 73.06 |
| **Total deferred tax liability** | **90.38** | **73.06** |
| **Deferred tax asset on account of (DTA)** | | |
| Provision for doubtful advances | - | - |
| Provision for expected credit loss | 168.40 | 150.33 |

# Notes to Financial Statements For The Year Ended March 31, 2024

| | | |
|---|---|---|
| Provision for employee benefits | 1,033.59 | 1,056.78 |
| Net ROU/Lease Liability | 11.64 | 14.49 |
| 40A(i) 30% expenses | 31.77 | 176.14 |
| 43B(h) Disallowances | 4.60 | - |
| Provision for Inventory obsolescence/reco. | 125.84 | 125.84 |
| Other tax disallowances / (allowances) | 453.78 | 99.61 |
| **Total deferred tax asset** | **1,829.63** | **1,623.20** |
| **Net deferred tax asset** | **1,739.26** | **1,550.14** |

Deferred tax assets (DTA) are the amounts of income taxes recoverable in future periods in respect of the carry forward of unused tax losses, the carry forward of unused tax credits and deductible temporary differences (which are temporary differences that will result in amounts that are deductible in determining taxable profit (tax loss) of future periods when the carrying amount of the asset or liability is recovered or settled). Deferred tax liabilities (DTL) are the amounts of income taxes payable in future periods in respect of taxable temporary differences. The company has convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future. Hence in line with IndAS 12 “Income Taxes” Deferred Tax assets / Liabilities have been created.

The tax effects of significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

**(₹ in million)**

| Particulars | As at March 31st, 2024 | As at March 31st, 2023 |
|---|---|---|
| Deferred tax asset (net) | 1,829.63 | 1,623.20 |
| Deferred tax liability (net) | 90.38 | 73.06 |

**NOTE “5” : INVENTORIES**

**Accounting Policy**

Inventories primarily consist of stores and spares and loose tools. Inventories consist of various stores and spares which are valued at lower of cost and Net Realizable Value (‘NRV’). Costs of inventories are determined on weighted average basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Stores and Spare Parts | 17.42 | 17.46 |
| Loose Tools | 402.76 | 431.60 |
| Fuel, Gas, Coal, Oil and lubricants | 0.55 | 0.55 |
| Non-Aircraft Inventory | 6.38 | 6.38 |
| Other Inventory | 256.84 | 148.40 |
| **Total** | **683.96** | **604.39** |
| Less : Provision for Inventory Reconciliation (Refer Note No. 5.i) | 500.00 | 500.00 |
| **Total** | **183.96** | **104.39** |

**Note 5.i: Physical Verification of Inventory**

Physical verification of Inventory of materials in the nature of stores and spares has not been carried out. The major value of inventory was book transferred by the then Holding company Air India Limited without any physical verification at AIESL. While reviewing the same during the year, it has been found that a large number of items are in the nature of assets (mainly tools) which have been included in the inventory. Reconciliation between Ramco (Inventory Recording and

# Notes to Financial Statements For The Year Ended March 31, 2024

Accounting Software) and SAP (General Accounting Software) is not carried out. Hence, as an interim measure, pending complete action for verification, analysis and reconciliation, a provision for ₹ 500.00 million has been made for likely reduction in the value of inventory considering the impact of depreciation on capitalized assets, obsolescence, shortages as well as any other similar write down etc.

**Note 5.ii:** The Company has been using FEDAI monthly average foreign exchange rate for conversion of forex transaction. However, due to delinked procedure from common material management system (RAMCO) with the then holding company (Air India Limited), the company has used November, 2023 monthly average foreign exchange rate for subsequent three months also in RAMCO even though were the exchange rates updated in SAP. Tthe impact of the same are as under:

| Particulars | Increase | Decrease | Net Impact |
|---|---|---|---|
| Spares Purhcases | 0.00 | -0.05 | -0.05 |
| Capital purchases | 0.00 | -0.05 | -0.05 |
| IAF purchases - Consumption | 0.01 | -0.04 | -0.03 |
| **Total** | **0.01** | **-0.13** | **-0.12** |

**NOTE "6" : TRADE RECEIVABLES**

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Secured, Considered Good | - | - |
| Unsecured, Considered Good | 12,764.27 | 8,315.66 |
| Trade Receivables having significant increase in Credit Risk | 669.10 | 597.30 |
| Trade Receivables - Credit Impaired | - | - |
| **Total** | **13,433.37** | **8,912.95** |
| Less : Allowance for Doubtful | 669.10 | 597.30 |
| **Total** | **12,764.27** | **8,315.66** |

**Note 6.i: Trade receivable ageing schedule**

**(₹ in million)**

| As at March 31, 2024 | | Outstanding for the following period from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Unbilled Receivable** | **Less than 6 month** | **6 month - 1 year** | **1 -2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Undisputed trade receivable - considered good | 1,956.06 | 5,409.70 | 2,850.77 | 811.91 | 1,705.95 | 29.90 | 12,764.27 |
| Undisputed trade receivable - which have significant increase in credit risk | - | 6.23 | 2.78 | 53.89 | 12.71 | 593.48 | 669.10 |
| Undisputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivable - considered good | - | - | - | - | - | - | - |
| Disputed trade receivable - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| **Net trade receivables** | **1,956.06** | **5,415.93** | **2,853.54** | **865.80** | **1,718.66** | **623.37** | **13,433.37** |

# Notes to Financial Statements For The Year Ended March 31, 2024

(₹ in million)

| As at March 31, 2023 | | Outstanding for the following period from due date of payment | | | | | |
|---|---|---|---|---|---|---|---|
| **Particulars** | **Unbilled Receivable** | **Less than 6 month** | **6 month - 1 year** | **1 -2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Undisputed trade receivable - considered good | 2,730.03 | 3,280.87 | 434.24 | 1,750.62 | 99.06 | 20.83 | 8,315.66 |
| Undisputed trade receivable - which have significant increase in credit risk | - | 27.19 | 14.96 | 16.79 | 6.19 | 532.17 | 597.30 |
| Undisputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| Disputed trade receivable - considered good | - | - | - | - | - | - | - |
| Disputed trade receivable - which have significant increase in credit risk | - | - | - | - | - | - | - |
| Disputed trade receivable - credit impaired | - | - | - | - | - | - | - |
| **Net trade receivables** | **2,730.03** | **3,308.06** | **449.20** | **1,767.42** | **105.25** | **553.00** | **8,912.95** |

i. The credit period on sales of services ranges from 30 to 60 days with or without security.

ii. The company does not generally hold any collateral or other credit enhancements over these balances nor does it have a legal right of offset against any amounts owed by the company to the counterparty however the offset has been adjusted on FIFO basis.

iii. Trade receivables from related parties' details has been described in note 29 E.

iv. Trade receivables does not include any receivables from directors and officers of the company.

v. Trade receivables does not include any amount of receivables from struck off companies.

**NOTE "7" : CASH AND CASH EQUIVALENTS**

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Balances with Banks** | | |
| a) In Current Accounts | 32.71 | 83.83 |
| b) In Deposit Accounts (Maturity less than 3 months) | 2,180.10 | 313.40 |
| C) Cash in Hand | 0.46 | 0.60 |
| **Cheques, Drafts on Hand** | - | - |
| **Total** | **2,213.27** | **397.84** |

**Note 7.i:** The process of year end physical verification of cash in hand has been done by the authorised officials and the certificate of cash balance has been duly certified by the official concerned.

**Note 7.ii:** The Company has requested for the confirmation of the balances from the bank as on 31st March 2024. The Company has obtained confirmation/bank statements in respect of all the bank accounts/fixed deposits. They are in reconciliation with the books of accounts of the Company as on 31st March, 2024.

# Notes to Financial Statements For The Year Ended March 31, 2024

## NOTE ‘’8” : BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| **Balance with Banks** | | |
| In Margin Money Deposits (3 < Maturity < 12) (Refer Note No. 22.ii) | 240.99 | 1.00 |
| Other Fixed Deposits (3 < Maturity < 12) | 2,160.39 | 3,627.88 |
| **Total** | **2,401.38** | **3,628.88** |

## NOTE “9” : OTHER - CURRENT ASSET

(₹ in million)

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Prepaid Expenses | 272.38 | 122.69 |
| Advances Recoverable in Cash or Kind | 167.17 | 264.85 |
| Petty Cash | 0.00 | 0.02 |
| GST TDS Receivable | 5.70 | 4.30 |
| Interest accrued on FDRs | 88.42 | 56.93 |
| GST Input | 299.62 | 392.11 |
| **Total** | **833.31** | **840.91** |

## NOTE “10” : EQUITY SHARE CAPITAL

| | Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|---|
| | | Number of shares | ₹ in million | Number of shares | ₹ in million |
| a) | **AUTHORISED** | | | | |
| | 1000,000,000 Equity Shares (Previous Year : 10,000,000) of Rs.10 each | 1,000.00 | 10,000.00 | 1,000.00 | 10,000.00 |
| | | **1,000.00** | **10,000.00** | **1,000.00** | **10,000.00** |
| b) | **ISSUED, SUBSCRIBED AND FULLY PAID-UP SHARES** | | | | |
| | 1666,66,500 Equity Shares of Rs. 10 each | 166.67 | 1,666.67 | 166.67 | 1,666.67 |
| | | **166.67** | **1,666.67** | **166.67** | **1,666.67** |

c) **Reconciliation of number of shares :**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Number of shares | ₹ in million | Number of shares | ₹ in million |
| Equity Shares at the beginning of the year | 166.67 | 1,666.67 | 166.67 | 1,666.67 |
| Add : Equity Shares Allotted during the year | - | - | - | - |
| Equity Shares at the end of the year | **166.67** | **1,666.67** | **166.67** | **1,666.67** |

d) **Rights Preferences and restriction attached to equity shares**

i The company has single class of shares i.e. Equity Shares having at par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share

# Notes to Financial Statements For The Year Ended March 31, 2024

ii In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

iii There were no bonus shares issued and there is an instance of shares being issued for consideration other than cash and no shares have been bought back by the company from incorporation date to the date of Balance Sheet.

iv Share allotted pursuant to contract without payment being received in cash and share bought back during the period of 5 year immediately preceding the reporting date is Nil (Previous Year: Nil).

**e) Details of Shares held by the Holding Company**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| **Shares held by Holding Company** | **Number of shares** | **₹ in million** | **Number of shares** | **₹ in million** |
| AI Assets Holding Limited* | 166.67 | 1,666.67 | 166.67 | 1,666.67 |

*from January 12, 2022

**f) Details of Shareholders holding more than 5%**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | **Number of shares** | **₹ in million** | **Number of shares** | **₹ in million** |
| AI Assets Holding Limited** | 166.67 | 1,666.67 | 166.67 | 1,666.67 |

**from January 12, 2022

**g) Promoter's shareholding**

| Name of Promoter | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| | **Number of shares held** | **%** | **Number of shares held** | **%** |
| AI Assets Holding Limited | 166.67 | 100% | 166.67 | 100% |

**Note:**

The number of shares held and percentage of holding represents the shares held in the individual capacity.

Promoter here means promoter as defined in the Companies Act, 2013, as amended.

**NOTE "11" : OTHER EQUITY**

**(₹ in million)**

| Particulars | As at 31-Mar-24 | | As at 31-Mar-23 | |
|---|---|---|---|---|
| **Surplus / (Deficit) in Profit and Loss Account:** | | | | |
| Balance as per last Balance Sheet | | -9,417.65 | | -15,862.00 |
| Profit / (Loss) for the year | 2,549.87 | | 6,284.71 | |
| Less: | | | | |
| Transfer to General Reserve | - | | - | |
| Add/Less: Prior Period Adjustments | - | | 149.22 | |
| | | | | |
| **Other comprehensive income** | | | | |
| Add: Acturial Gain/(Loss) on Defined benefit obligation | -192.59 | | 10.42 | |
| | | | | |
| Net Surplus | | 2,357.28 | | 6,444.35 |
| **Total Reserves & Surplus** | | **-7,060.37** | | **-9,417.65** |

# Notes to Financial Statements For The Year Ended March 31, 2024

**Retained Earnings:**

Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss/(gain) on defined benefit plans, net of taxes that will not be reclassified to Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

**NOTE "12" : PROVISIONS**

**Accounting Policy**

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss

b) The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

c) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**(₹ in million)**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current |
| **Provision for Employee Benefits** | | | | |
| a) Gratuity (Refer Note No. 18.i.b) | 1,872.62 | 529.90 | 1,891.95 | 543.19 |
| b) Leave Encashment | 1,264.53 | 383.59 | 1,302.84 | 407.54 |
| c) Other Benefits | 3,147.62 | - | 578.28 | - |
| **Provision other than Employee Benefits** | | | | |
| a) Other than employees | - | 463.24 | - | 516.25 |
| **TOTAL** | **6,284.77** | **1,376.74** | **3,773.08** | **1,466.99** |

**NOTE "13" : TRADE PAYABLES**

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Due to Micro and Small Enterprises | 48.04 | 31.30 |
| Others Payables | 2,198.03 | 1,390.60 |
| **TOTAL** | **2,246.07** | **1,421.90** |

**Note 13.1: Ageing of Trade Payables**

**As at March 31, 2024** **(₹ in million)**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| (i) Undisputed dues (MSME) | 45.05 | 2.34 | 0.51 | 0.14 | 48.04 |
| (i) Undisputed dues (Others) | 1,929.83 | 215.71 | 28.74 | 23.75 | 2,198.03 |
| (iii) Disputed dues (MSME) | - | - | - | - | - |
| (iv) Disputed dues (Others) | - | - | - | - | - |

# Notes to Financial Statements For The Year Ended March 31, 2024

| | | | | | |
|---|---|---|---|---|---|
| **Total** | **1,974.88** | **218.05** | **29.25** | **23.89** | **2,246.07** |

**As at March 31, 2023** **(₹ in million)**

| Particulars | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
|---|---|---|---|---|---|
| (i) Undisputed dues (MSME) | 30.98 | 0.17 | - | 0.16 | 31.30 |
| (i) Undisputed dues (Others) | 71.82 | 411.12 | 771.48 | 136.18 | 1,390.60 |
| (iii) Disputed dues (MSME) | - | - | - | - | - |
| (iv) Disputed dues (Others) | - | - | - | - | - |
| **Total** | **102.80** | **411.28** | **771.48** | **136.34** | **1,421.90** |

i. Trade payable are normally settled within 30 to 60 days
ii. Trade payable to related parties has been disclosed in Note 29 E.

**NOTE "14" : OTHER FINANCIAL LIABILITY**

**(₹ in million)**

| Particulars | As at March 31, 2024 | | As at March 31, 2023 | |
|---|---|---|---|---|
| | Non - Current | Current | Non - Current | Current |
| Security Deposit | - | 39.32 | - | 30.42 |
| Earnest Money Deposit | - | 1.62 | - | 4.93 |
| Loan & Advances | - | 142.34 | - | 175.34 |
| Payable to Employees | - | 646.31 | - | 455.41 |
| Inter company Payable/Receivable | 20,822.96 | - | 21,739.44 | - |
| Others | - | 125.23 | - | 91.87 |
| **TOTAL** | **20,822.96** | **954.83** | **21,739.44** | **757.97** |

**NOTE "15" : OTHER CURRENT LIABILITIES**

**(₹ in million)**

| Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Statutory Dues | 302.12 | 572.65 |
| Unspent Grant-in-Aid from GoI (Refer Note No. 15.1) | 119.40 | 375.07 |
| **TOTAL** | **421.52** | **947.72** |

**Note 15.1: Government Grant**

As per the decision of Government of India (MoCA), a scheme has been approved for providing grant for SESF expenses. In line with the said scheme, summary of grant received by the company and its utilization during the financial year 2023-24 are as under: -

**(₹ in Million)**

| Particulars | FY 2023-24 | FY 2022-23 |
|---|---|---|
| Opening Un-spent Grant-in-aid | 375.07 | 338.90 |
| Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI | - | 393.10 |
| Grant utilized for SESF Expenses | 255.67 | 356.93 |
| **Total Unspent Grant in Aid** | **119.40** | **375.07** |

# Notes to Financial Statements For The Year Ended March 31, 2024

## NOTE "16" : REVENUE FROM OPERATIONS

**Accounting Policies**

**i.** The Company derives revenue primarily from maintenance, Repair and Overhaul services (MRO Services) and line maintenance (technical handling) of Aircraft Engines and other aircraft related services.

**ii.** Revenue from Operations
Revenue is recognized when the entity satisfies a performance obligation by transferring the promised good or service (i.e., an asset) to a customer. An asset is transferred when the customer obtains control of that asset.

In the case of contract based on Block Hours flown by Aircraft and Aircraft Engines, the revenue is recognised on the basis of actual Block Hours flown.

In case of other contracts for Line Maintenance services, revenue is being recognised based on number of flights handled.

Revenue from the training services is recognized when the training services has been initiated to provide.

**(₹ in million)**

| Sr. No. | Particulars | 2023-24 | 2022-23 |
|---|---|---|---|
| 1 | **Sales of Services** | | |
| | Technical Handling Services Reveune | 7,196.89 | 5,555.29 |
| | Other Servicing Revenue | 12,565.24 | 13,391.57 |
| | | **19,762.13** | **18,946.87** |
| 2 | **Other Operating Revenue** | | |
| | Engineering Training Reveune | 157.73 | 67.36 |
| | | **157.73** | **67.36** |
| 3 | **Incidental Revenue** | 959.96 | 669.01 |
| | | **959.96** | **669.01** |
| | **Total reveune from operation** | **20,879.83** | **19,683.24** |

**Contract Balances:**

i) Contract assets
A contract asset is the right to consideration in exchange for services rendered to the customer. If the company performs by rendering of services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration including Trade receivables

ii) Contract Liabilities
A contract liability is the obligation to render services to a customer for which the company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company render services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the company performs under the contract including advance received from customer

iii) Refund Liabilities
A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities at the end of each reporting period

# Notes to Financial Statements For The Year Ended March 31, 2024

## NOTE "17" : OTHER INCOME

**Accounting Policies**

Other income is comprised primarily of interest income, dividend income, gain/loss on investments and exchange gain / loss on forward and options contracts and on translation of foreign currency assets and liabilities.

i. Income from Interest is recognized using the effective interest rate on a time proportion basis. Income from Rentals is recognized on a time proportion basis.

ii. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Other Expenses.

iii. The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.

iv. Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

v. Foreign Currency Monetary Item

a. Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates).
b. Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

vi. Government Grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as deferred income and are recognized in the net profit in the Statement of Profit and Loss on a systematic and rational basis over the useful life of the asset. Government grants related to revenue are recognized on a systematic basis in the net profit in the Statement of Profit and Loss over the periods necessary to match them with the related costs which they are intended to compensate.

**(₹ in million)**

| Sr. No. | Particulars | 2023-24 | 2022-23 |
|---|---|---|---|
| 1 | Interest Income | 635.54 | 343.99 |
| 2 | Grant-In-Aid Revenue (Refer Note No. 15.1) | 255.67 | 356.93 |
| 3 | Other Income | 32.49 | 63.67 |
| | **TOTAL** | **923.70** | **764.59** |

## NOTE "18" : EMPLOYEE BENEFIT EXPENSES

**Accounting Policies**

**a) Short term employee benefits:** All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. The benefits like salaries, wages, and short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related services.

# Notes to Financial Statements For The Year Ended March 31, 2024

**b) Post-employment benefits:** Defined Contribution Plans consists of contribution to Employees Provident Fund. The Company has Employees Provident Fund Trusts under the Provident Fund Act, 1925 for Permanent employees till 1st December' 2021. After that, trust has been dissolved and amount had been transferred to EPFO under Employees' Provident Fund Scheme, 1952. As regards Fixed Term Contract (FTC) employees, Provident Fund (PF) dues are deposited with the office of Employees' Provident Fund Organization (EPFO) by the Company. There had been a Supreme Court (SC) judgment dated February 28, 2019, relating to components of salary structure that need to be taken into account while computing the contribution to provident fund under the EPF Act. There are interpretative aspects related to the Judgment including the effective date of application. In the view of the management, the contribution for PF is to be calculated as per Employee's Provident Funds and Miscellaneous Provisions Act, 1952. Employees' State Insurance Corporation (ESIC) dues are regularly deposited with government authorities. The company's payment to defined contribution plans are recognized as an expense during the period in which the employees perform the services that the payment covers.

ESI dues are regularly deposited with government authorities.

Defined Benefit Plans, which are not funded, consist of Gratuity, Leave Encashment including Sick Leave and other benefits.

The liability for Gratuity and Leave Encashment are actuarially determined under the Projected Unit Credit Method at the end of the financial year.

For the medical benefits of all the eligible and permanent retired/retiring employees (transferred from the then AIL to the company), Govt. has approved dated 16th February 2022 a scheme under which all such employees shall subscribe to become member of CGHS Facilities through AIAHL (Parent company) and related expenditure for this scheme will be borne by the Govt. of India to AIAHL out of budgetary support.

**(₹ in million)**

| Sr. No. | Particulars | 2023-24 | 2022-23 |
|---|---|---|---|
| 1 | Salaries, Wages & Bonus | 6,550.93 | 5,976.59 |
| 2 | Contribution to Provident and Other Funds | 300.80 | 297.67 |
| 3 | Staff Welfare Expenses | 283.29 | 161.40 |
| 4 | Provision for Gratuity | 242.97 | 261.20 |
| 5 | Provision for Leave Encashment | 275.25 | 158.89 |
| | **TOTAL** | **7,653.24** | **6,855.75** |

**Note 18.i: Employees Benefit Plans**

**a. Defined Contribution Plan**

Employees' provident fund: The company subscribes to EPFO under Employees' Provident Fund Scheme, 1952 which governs the provident fund plans in respect on employees on contract. The company as well as the employees contributes at applicable rates to the provident fund out of which provident fund is paid to the employees. Company's contribution to provident fund recognized in the Statement of profit and loss is ₹ 300.80 million (previous year: ₹ 297.67 million)

**b. Defined benefit plans**

**Gratuity:** Gratuity is payable to all the eligible employees of the company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act. The company has a defined benefit gratuity plan in India (unfunded). Gratuity is paid from the company as and when it becomes due and is paid as per the company scheme for Gratuity.

**Disclosure statement as per Ind AS of gratuity:**

**(₹ in million)**

| S.No. | Particulars | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 1 | Type of Benefit | Gratuity | Gratuity |
| 2 | Country | India | India |
| 3 | Reporting Currency | INR | INR |
| 4 | Reporting Standard | Indian Accounting | Indian Accounting |
| 5 | | Standard 19 (Ind AS 19) | Standard 19 (Ind AS 19) |
| 6 | Funding Status | Unfunded | Unfunded |
| 7 | Starting Period | 01-04-2023 | 01-04-2022 |
| 8 | Date of Reporting | 31-03-2024 | 31-03-2023 |
| 9 | Period of Reporting | 12 Months | 12 Months |
| 10 | Reference ID | 915080 | 788472 |
| 11 | **Assumptions (Previous Period)** | **FY 2022-23** | **FY 2021-22** |
| i | Expected Return on Plan Assets | N.A. | N.A. |
| ii | Rate of Discounting | 7.50% | 7.23% |
| iii | Rate of Salary Increase | 5.50% | 5.50% |
| iv | Rate of Employee Turnover | 2.00% | 2.00% |
| v | Mortality Rate During Employment | Indian Assured Lives Mortality | Indian Assured Lives Mortality |
| vi | | (2012-14) Urban | (2012-14) Urban |
| 12 | **Assumptions (Current Period)** | **FY 2023-24** | **FY 2022-23** |
| i | Expected Return on Plan Assets | N.A. | N.A. |
| ii | Rate of Discounting | 7.22% | 7.50% |
| iii | Rate of Salary Increase | 5.50% | 5.50% |
| iv | Rate of Employee Turnover | 2.00% | 2.00% |
| v | Mortality Rate During Employment | Indian Assured Lives Mortality | Indian Assured Lives Mortality |
| | | 2012-14 (Urban) | 2012-14 (Urban) |
| | | | |
| | | **As at March 31, 2024** | **As at March 31, 2023** |
| 13 | **Table Showing Change in the Present Value of Defined Benefit Obligation** | | |
| | **Present Value of Benefit Obligation at the Beginning of the Period** | **2,435.14** | **2,716.91** |
| i | Interest Cost | 181.03 | 192.95 |
| ii | Current Service Cost | 61.93 | 68.25 |
| iii | Past Service Cost | - | - |
| iv | Liability Transferred In/ Acquisitions | - | - |
| v | (Liability Transferred Out/ Divestments) | - | - |
| vi | (Gains)/ Losses on Curtailment | - | - |
| vii | (Liabilities Extinguished on Settlement) | - | - |
| viii | (Benefit Paid Directly by the Employer) | -468.18 | -532.55 |
| ix | (Benefit Paid From the Fund) | - | - |
| x | The Effect Of Changes in Foreign Exchange Rates | - | - |
| xi | Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | - |

| | | | |
|---|---|---|---|
| xii | Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 29.07 | -25.57 |
| xiii | Actuarial (Gains)/Losses on Obligations - Due to Experience | 163.53 | 15.14 |
| | **Present Value of Benefit Obligation at the End of the Period** | **2,402.52** | **2,435.14** |
| 14 | **Table Showing Change in the Fair Value of Plan Assets** | | |
| | **Fair Value of Plan Assets at the Beginning of the Period** | **-** | **-** |
| i | Interest Income | - | - |
| ii | Contributions by the Employer | - | - |
| iii | Expected Contributions by the Employees | - | - |
| iv | Assets Transferred In/Acquisitions | - | - |
| v | (Assets Transferred Out/ Divestments) | - | - |
| vi | (Benefit Paid from the Fund) | - | - |
| vii | (Assets Distributed on Settlements) | - | - |
| viii | Effects of Asset Ceiling | - | - |
| ix | The Effect of Changes In Foreign Exchange Rates | - | - |
| x | Return on Plan Assets, Excluding Interest Income | - | - |
| | **Fair Value of Plan Assets at the End of the Period** | **-** | **-** |

| | | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|---|
| 15 | **Amount Recognized in the Balance Sheet** | | |
| i | (Present Value of Benefit Obligation at the end of the Period) | -2,402.52 | -2,435.14 |
| ii | Fair Value of Plan Assets at the end of the Period | - | - |
| iii | Funded Status (Surplus/ (Deficit)) | -2,402.52 | -2,435.14 |
| | **Net (Liability)/Asset Recognized in the Balance Sheet** | **-2,402.52** | **-2,435.14** |
| 16 | **Net Interest Cost for Current Period** | | |
| i | Present Value of Benefit Obligation at the Beginning of the Period | 2,435.14 | 2,716.91 |
| ii | (Fair Value of Plan Assets at the Beginning of the Period) | - | - |
| iii | Net Liability/(Asset) at the Beginning | 2,435.14 | 2,716.91 |
| iv | Interest Cost | 181.03 | 192.95 |
| v | (Interest Income) | - | - |
| | **Net Interest Cost for Current Period** | **181.03** | **192.95** |
| 16 | **Expenses Recognized in the Statement of Profit or Loss for Current Period** | | |
| i | Current Service Cost | 61.93 | 68.25 |
| ii | Net Interest Cost | 181.03 | 192.95 |
| iii | Past Service Cost | - | - |
| iv | (Expected Contributions by the Employees) | - | - |

| | | | |
|---|---|---|---|
| v | (Gains)/Losses on Curtailments And Settlements | - | - |
| vi | Net Effect of Changes in Foreign Exchange Rates | - | - |
| | **Expenses Recognized** | **242.97** | **261.2** |
| 17 | **Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period** | | |
| i | Actuarial (Gains)/Losses on Obligation For the Period | 192.59 | -10.42 |
| ii | Return on Plan Assets, Excluding Interest Income | - | - |
| iii | Change in Asset Ceiling | - | - |
| | **Net (Income)/Expense For the Period Recognized in OCI** | **192.59** | **-10.42** |
| | | | |
| | | **As at March 31, 2024** | **As at March 31, 2023** |
| 18 | **Balance Sheet Reconciliation** | | |
| i | **Opening Net Liability** | 2,435 | **2,716.91** |
| ii | Expenses Recognized in Statement of Profit or Loss | 243 | 261.2 |
| iii | Expenses Recognized in OCI | 193 | -10.42 |
| iv | Net Liability/(Asset) Transfer In | - | - |
| v | Net (Liability)/Asset Transfer Out | - | - |
| vi | (Benefit Paid Directly by the Employer) | -468 | -532.55 |
| vii | (Employer's Contribution) | - | - |
| | **Net Liability/(Asset) Recognized in the Balance Sheet** | 2,402.52 | **2,435.14** |
| 19 | **Category of Assets** | | |
| i | Government of India Assets | - | - |
| ii | State Government Securities | - | - |
| iii | Special Deposits Scheme | - | - |
| iv | Debt Instruments | - | - |
| v | Corporate Bonds | - | - |
| vi | Cash And Cash Equivalents | - | - |
| vii | Insurance fund | - | - |
| viii | Asset-Backed Securities | - | - |
| ix | Structured Debt | - | - |
| x | Other | - | - |
| xi | **Total** | **-** | **-** |
| 20 | **Other Details** | | |
| i | No of Members in Service | 4,789 | 4,503 |
| ii | Per Month Salary For Members in Service | 250.99 | 220.34 |
| iii | Weighted Average Duration of the Defined Benefit Obligation | 6 | 5 |
| iv | Average Expected Future Service | 14 | 12 |
| v | Defined Benefit Obligation (DBO) - Total | 2,402.52 | 2,435.14 |
| vi | Defined Benefit Obligation (DBO) - Due but Not Paid | 34.93 | 21.35 |
| vii | Expected Contribution in the Next Year | - | - |
| 21 | **Maturity Analysis of the Benefit Payments** | | |
| | **Projected Benefits Payable in Future Years From the Date of Reporting** | | |
| i | 1st Following Year | 529.90 | 543.19 |
| ii | 2nd Following Year | 278.70 | 256.14 |

| | | | |
|---|---|---|---|
| iii | 3rd Following Year | 415.71 | 441.64 |
| iv | 4th Following Year | 298.91 | 381.54 |
| v | 5th Following Year | 207.64 | 272.3 |
| vi | Sum of Years 6 To 10 | 687.93 | 679.81 |
| vii | Sum of Years 11 and above | 1,241.68 | 933.88 |
| 22 | **Sensitivity Analysis** | **As at March 31, 2024** | **As at March 31, 2023** |
| | **Defined Benefit Obligation on Current Assumptions** | 2,402.52 | **2,435.14** |
| i | Delta Effect of +1% Change in Rate of Discounting | -99.83 | -89.24 |
| ii | Delta Effect of -1% Change in Rate of Discounting | 111.73 | 98.11 |
| iii | Delta Effect of +1% Change in Rate of Salary Increase | 72.29 | 61.43 |
| iv | Delta Effect of -1% Change in Rate of Salary Increase | -73.08 | -63.76 |
| v | Delta Effect of +1% Change in Rate of Employee Turnover | 16.53 | 15.08 |
| vi | Delta Effect of -1% Change in Rate of Employee Turnover | -18.11 | -16.23 |
| vii | The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant. | | |
| viii | The sensitivity analysis presented above may not be representative of the actual change in the Defined Benefit Obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. | | |
| ix | Furthermore, in presenting the above sensitivity analysis, the present value of the Defined Benefit Obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the Defined Benefit Obligation as recognized in the balance sheet. | | |
| x | There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years. | | |
| 23 | **Notes** | | |
| | Gratuity is payable as per entity's scheme as detailed in the report.<br>Actuarial gains/losses are recognized in the period of occurrence under Other Comprehensive Income (OCI).<br>All above reported figures of OCI are gross of taxation.<br>Salary escalation & attrition rate are considered as advised by the entity; they appear to be in line with the industry practice considering promotion and demand & supply of the employees.<br>Maturity Analysis of Benefit Payments is undiscounted cashflows considering future salary, attrition & death in respective year for members as mentioned above.<br>Average Expected Future Service represents Estimated Term of Post - Employment Benefit Obligation.<br>Weighted Average Duration of the Defined Benefit Obligation is the weighted average of cash flow timing, where weights are derived from the present value of each cash flow to the total present value.<br>Any benefit payment and contribution to plan assets is considered to occur end of the year to depict liability and fund movement in the disclosures. | | |
| 24 | **Qualitative Disclosures**<br>**Para 139 (a) Characteristics of defined benefit plan** | | |

| | |
|---|---|
| | The entity has a defined benefit gratuity plan in India (unfunded). The entity's defined benefit gratuity plan is a final salary plan for employees.<br>Gratuity is paid from entity as and when it becomes due and is paid as per entity scheme for Gratuity.<br>**Para 139 (b) Risks associated with defined benefit plan**<br>Gratuity is a defined benefit plan and entity is exposed to the Following Risks:<br>Interest rate risk: A fall in the discount rate which is linked to the G.Sec. Rate will increase the present value of the liability requiring higher provision.<br>Salary Risk: The present value of the defined benefit plan liability is calculated by reference to the future salaries of members. As such, an increase in the salary of the members more than assumed level will increase the plan's liability.<br>Asset Liability Matching Risk: The plan faces the ALM risk as to the matching cash flow. entity has to manage pay- out based on pay as you go basis from own funds.<br>Mortality risk: Since the benefits under the plan is not payable for life time and payable till retirement age only, plan does not have any longevity risk.<br>**Para 139 (c) Characteristics of defined benefit plans**<br>During the year, there were no plan amendments, curtailments and settlements.<br>**Para 147 (a)**<br>Gratuity plan is unfunded. |

**NOTE "19" : FINANCE COST**

**(₹ in million)**

| Sr. No. | Particulars | 2023-24 | 2022-23 |
|---|---|---|---|
| 1 | Interest Expenses | 1,852.18 | 1,915.49 |
| 2 | Interest expense on lease liability | 4.46 | 5.35 |
| | **TOTAL** | **1,856.64** | **1,920.84** |

**NOTE "20" : OTHER EXPENSES**

**(₹ in million)**

| Sr. No. | Particulars | 2023-24 | 2022-23 |
|---|---|---|---|
| 1 | Insurance Expenses | 171.97 | 167.31 |
| 2 | Consumable Exp Relating to Stores & Spares | 1,606.39 | 631.87 |
| 3 | Handling Charges | 158.51 | 208.70 |
| 4 | Communication Charges | 9.70 | 9.24 |
| 5 | Travelling Expenses | 186.03 | 206.24 |
| 6 | Rent | 1,078.60 | 1,087.24 |
| 7 | Rates and Taxes | 55.55 | 160.09 |
| 8 | Repair Maintenance: | | |
| | i) Buildings | 29.18 | 33.51 |
| | ii) Others | 978.04 | 699.32 |
| 9 | Hire of Transport | 211.30 | 150.25 |
| 10 | Fees to DGCA | 4.05 | 1.20 |
| 11 | Electricity & Heating Charges | 292.68 | 296.07 |
| 12 | Water Charges | 12.22 | 16.34 |
| 13 | Publicity & Sales Promotion | 2.25 | 3.07 |
| 14 | Printing and Stationery | 8.31 | 6.73 |
| 15 | Professional & Legal Charges | 36.00 | 23.91 |
| 16 | **Auditors' Remuneration and Expenses** | | |
| | i) Audit Fees | 0.40 | 0.40 |

| | | | |
|---|---|---|---|
| | ii) Other Expenses | 0.04 | 0.03 |
| 17 | Other Audit Expenses | 0.23 | 0.69 |
| 18 | Bank Charges | 6.57 | 0.49 |
| 19 | SESF Expenses (Refer Note No 15.I) | 255.67 | 356.93 |
| 20 | Exchange Variation | 60.80 | - |
| 21 | Loss on Sale of Assets/Scrap | 0.86 | 8.23 |
| 22 | Provision for Doubtful Receivable & Advances | 73.23 | 142.72 |
| 23 | Provision for Inventory Reconciliation (Expenses) | - | 500.00 |
| 24 | CSR Expenses | 91.00 | 40.94 |
| 25 | Other Misc. Expenses | 74.66 | 67.28 |
| | | | |
| | **TOTAL** | **5,404.27** | **4,818.79** |

**NOTE "21" : EARNING PER SHARE**

**Accounting Policy**

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

Disclosure of Earnings Per Share (EPS) computation as per Indian Accounting Standard -33

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| | | |
| Profit available for appropriation as per Statement of Profit & Loss | 2,549.87 | 6,433.92 |
| Weighted average No. of equity shares outstanding during the year | 166.67 | 166.67 |
| Basic and Diluted EPS | 15.30 | 38.60 |
| Face value per equity share | 10 | 10 |

**NOTE "22" : CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS**

**Accounting Policy**

**i. Contingent liabilities** are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

**ii. Contingent assets** are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

**Onerous contracts:** An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Present obligations arising under onerous contracts are recognized and measured as provisions.

**22.i. Contingent liabilities (to the extent not provided for)**

Claims against the company not acknowledged as debts (excluding interest and penalty, in certain cases) and the required information, in compliance of Ind AS 37, are as under:

(₹ in million)

| Sr no. | Description | Balance as on March 31, 2024 | Balance as on March 31, 2023 |
|---|---|---|---|
| (i) | Income Tax Demand Notices received by the Company which are under appeal (*). | 644.74 | 643.65 |
| (ii) | Other Claims on account of Staff**/Civil/Arbitration Cases pending in Courts | Amount not ascertainable | Amount not ascertainable |
| | **Total** | **644.74** | **643.65** |

**Explanatory statement in respect of other contingent liabilities:**

***Income Tax (TDS) Demand Notices received by the Company which are under appeal:**

| FY | Total amount of Default u/s 210(1) | Total amount of Interest u/s 210(1A) | Total Demand | Appeal Status |
|---|---|---|---|---|
| 2014-15 | 16.48 | 11.93 | 28.41 | Appeal filed before CIT(A) against the assessment order. |
| 2015-16 | 27.75 | 16.85 | 44.60 | Appeal filed before CIT(A) against the assessment order. Date of hearing vide notice dated 13.07.2022 was 28.07.2022 and adjournment was sought. |
| 2016-17 | 42.68 | 20.70 | 63.38 | Appeal was filed before CIT(A) on 28.08.2020. |
| 2017-18 | 135.72 | 48.86 | 184.58 | Appeal was filed before CIT(A) on 28.08.2020. |
| 2018-19 | 261.11 | 62.67 | 323.77 | Appeal was filed before CIT(A) on 28.08.2020. |
| **Total** | **483.74** | **161.00** | **644.74** | |

*Interest u/s 220(2) on the above demand as on 31st March, 2024 will be ₹ 314.55 million (Previous Year ₹ 237.49 million).

**The employees of the company have filed cases in various courts relating to staff matters, making the company a party. In the opinion of the management, the amount of liabilities may not arise to the company.

**22.ii. Guarantee given by the Company:**

The company has given Performance Guarantee (BG) amounting to ₹ 58.79 million (previous year ₹ 1.00 million) to Bangalore International Airport Limited (BIAL) amounting to ₹ 2.00 million, Center For Airborne Systems (CABS) ₹ 10.00 million, INS Garuda ₹ 0.06 million and Ministry of Defence ₹ 46.73 million for due performance of the obligation under the contract and ₹ 183.14 million to President of India against advance.

**NOTE "23" : DISINVESTMENT STATUS**

In view of the NITI Aayog recommendations on the disinvestment of the then Air India (AI) and followed by the recommendations of the Core Group of Secretaries on disinvestment (CGD), the Cabinet Committee on Economic Affairs (CCEA) had given an 'In-Principle' approval for considering the strategic disinvestment of the then Air India group in its meeting held on June 28, 2017. CCEA also constituted the Air India Specific Alternative Mechanism (AISAM) to guide the process of strategic disinvestment. An ex-facto approval was given by Union Cabinet in Feb 2019 for formation

of SPV under the name and style now known as AI Assets Holding Limited (AIAHL) for the warehousing of accumulated working capital loan not backed by any asset along with four subsidiaries AIASL, AAAL, AIESL, HCI, non-core assets, paintings & artifacts and other non- operational assets. Based on the above decisions, Air India Limited (AIL) has been disinvested. Further, the Ministry of Civil Aviation (MoCA) vide its letter no. 17046/56/2019-AI dated 31st December, 2021 has conveyed the decision of AISAM for transferring of the four subsidiaries (AIASL, AAAL, AIESL and HCI) of the then Air India Limited to the AI Assets Holding Limited.

As per the decision of AISAM for transferring of the investments in subsidiaries, in the financial year 2021-22, the shares of the company (AIESL) were transferred from the then Air India Limited to AIAHL at book value. Accordingly, the share purchase agreement (SPA) between the then AIL and AIAHL for the transfer of the shares of AIESL was executed on 10th January, 2022. Considering the decision of Government of India and as per SPA, 100% shareholding of the company has been transferred from the then AIL to AIAHL and the Board of the company has also been reconstituted and shares of the company has been transferred to AIAHL w.e.f 12th January, 2022. Consequently, AI Assets Holding Limited (AIAHL) has become the new Parent Company / Holding Company of AI Engineering Services Limited.

The government has initiated the process of disinvestment of three subsidiaries of AIAHL (AI Airport Services Ltd., AI Engineering Services Ltd., & Alliance Air Aviation Ltd.). Committees have been constituted to oversee the disinvestment process and DIPAM has commenced the exercise of investor meetings for the disinvestment. PIM (Preliminary Information Memorandum) shall be issued in due course and interested bidders will submit their Expression of Interest (EOI) to DIPAM and qualified bidders will submit the Financial Bids after due diligence. The Strategic partner will be selected after following the due process of disinvestment.

**NOTE "24" : CORRECTION OF PRIOR PERIOD ERRORS IN ACCORDANCE WITH IND-AS 8 "ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS"**

During the year 2023-24, the company have discovered that the below mentioned Line items of financial statements had been incorrectly accounted/disclosed in the prior year. These errors have now been corrected by restating the affected financial statements line items for the prior year.

**(₹ in million)**

| Particulars | 31st March, 2023 (as previously reported) | Increase/ (decrease) due to correction of error | 31st March, 2023 (restated) |
|---|---|---|---|
| **Balance sheet (extract)** | | | |
| Trade Receivables | 8,763.74 | 149.22 | 8,912.95 |
| Total Current Assets | 14,040.10 | 149.22 | 14,189.31 |
| Other Equity | -9,566.87 | 149.22 | -9,417.65 |
| Total Equity | -7,900.20 | 149.22 | -7,750.99 |
| **Statement of Profit and loss (extract)** | | | |
| Revenue from Operations | 19,534.02 | 149.22 | 19,683.24 |
| Total Income | 20,298.61 | 149.22 | 20,447.83 |
| Profit/ (Loss) after Tax for the period | 6,284.71 | 149.22 | 6,433.92 |
| Total comprehensive Income for the year | 6,295.13 | 149.22 | 6,444.35 |

Basic and diluted earnings per share for the prior year have also been restated. The amount of the correction for both basic and diluted earnings per share was a increase of ₹0.89 per share.

**NOTE "25" : RECONCILIATION / CONFIRMATION**

(i) The Company has sought for the confirmation of balances for all the major trade receivables & trade payables. However, only some of the parties have responded and are in agreement with the books of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process. In case of trade receivables, the company has balance confirmation of receivables from Air India, AIXL, AAAL and few other customers which consist of 87.89% (Previous year 75.57%) of receivables of the company and reconciliation has been completed and balance confirmations have been obtained. In case of trade payables some parties have responded and wherever the party's balances are not in agreement with the books, the reconciliation of the differences is in progress. Impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt with in the year of completion of the reconciliation and approvals from appropriate authority.

(ii) Good & Service Tax (GST) and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

(iii) The company has some reconciled balances and certain unmatched receivables/ recoverable from staff and payables including certain control ledger. Further for the balance unmatched receivables/recoverable from staff and payables including certain control ledgers mainly due to legendry transfer entries in supplier suspense accounts, GRIR accounts, security deposit from vendors etc. from the then holding company (Air India Ltd. prior to disinvestment), the company is in the process of forming a committee for the reconciliation of the same and impact, if any, of the consequential adjustments arising out of the reconciliation will be dealt in the year of completion of the reconciliation and approvals from appropriate authority.

**NOTE "26" : EXCEPTIONAL ITEMS**

i. The Department of Public Enterprises, Ministry of Heavy Industries, vide notification No. W-08/005/2016-DPE(WC) dated 9th June, 2016, had appointed 3rd Pay Revision Committee (PRC) with an aim to provide employees of CPSE's with suitable working conditions, emoluments and incentives to motivate them to strive for the profitability of the company. The committee submitted its report on 21st November, 2016 and recommended to implement the same. The company has initiated the process for the implementation of 3rd PRC for eligible categories of employees and estimated ₹ 2,532.60 million towards implementation and a provision of ₹ 2,532.60 million has been made in the books of accounts in the FY 2023-24. Further, a committe has been constitutied for the negotation with the concerned stake holders. Additional liability of ₹ 62.42 million has also been made for FTE wage increase as per approval from competent authority. Both provisions for total amounting to ₹ 2,595.02 has been classified as exceptional items.

ii. The Company had a post-retirement medical benefit scheme under which medical benefits were provided to retired employees and their spouse. The Government of India vide letter dated 16th February, 2022 has approved medical benefit facility to the eligible permanent retired/retiring employees of AI Engineering Services Limited (AIESL) post disinvestment. After introduction of this scheme, all the expenditure under this scheme will be borne by M/o Civil Aviation through Budgetary provisions to the holding company AIAHL. Further, the Government of India O.M. dated 15th March, 2023 for providing above mentioned medical benefits does not envisage any such surrender by AIESL. Hence, the company has written back accumulated liability of ₹ 2334.20 million in the FY 2022-23 which had been accounted for based on the actuary valuation.

**NOTE "27" : INTERNAL CONTROL**

The Company is in continuous process of strengthening the internal control process in the company so as to ensure the coverage of all the areas as envisaged and ensure effective internal controls at stations, regional offices, user departments. The company has appointed independent firm for conducting the internal audit to provide suggestions for the improvement in the system required, if any.

**NOTE "28" : SEGMENT REPORTING**

The CEO of the Company has been identified as the Chief Operating Decision Maker (CODM) as defined by Ind AS 108, Operating Segments. The CODM evaluates the Company's performance and allocates resources based on an analysis of various performance indicators; however, the company is engaged in MRO (Maintenance, Repair& Overhaul of aircraft, engines & components) services, which is its primary and only one reportable business segment and that all of the operations are in India. Hence the Company does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

**a. Disclosure of Customer with more than 10% of Revenue:**

**(₹ in million)**

| Particulars | For the year ended April 01, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Air India Ltd. | 13,214.76 | 14,070.49 |
| IAF | 4,377.46 | 2,878.71 |

**NOTE "29" : DUES TO MICRO, SMALL& MEDIUM ENTERPRISES AS PER MSMED ACT, 2006:**

The dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the company. However, payments to such undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. In other cases, necessary compliance/disclosure will be ensured in due course

| | | (₹ in million) |
|---|---|---|
| **Particulars** | **31st March, 2024** | **31st March, 2023** |
| Principal amount due and remaining unpaid | 48.04 | 31.30 |
| Interest due on over due amounts | 0.82 | 0.25 |
| Payment made beyond the appointed day during the year | - | - |
| Interest paid | - | - |
| Interest due and payable for the period of delay | 0.82 | 0.25 |
| Interest accrued and remaining unpaid | 0.82 | 0.25 |
| Amount of further interest remaining due and payable in succeeding years | - | - |

The information has been given in respect of such vendor to the extent they could be identified as Micro and Small Enterprise as on the basis of information available with the company.

**NOTE "30" : RELATED PARTY DISCLOSURES**

Disclosure of the names and designations of the related parties as required by the Ind AS 24 "Related Party Disclosures", during the year 2023-24:

**A. List of related parties** : (As identified by the management, unless otherwise stated)

**i. In terms of Ind AS 24, following are related parties which are government related entities i.e. significantly controlled and influenced entities (Government of India) :**

| Sr. No. | Name of the company | Relationship |
|---|---|---|
| 1 | AI Assets Holding Limited (w.e.f. January 12, 2022) | Holding company |

**ii. List of Fellow Subsidiary Companies**

| Sr. No. | Name of Company | Relationship |
|---|---|---|
| 1 | Hotel Corporation of India Limited (HCI) | Fellow Subsidiary |
| 2 | Air India Airport Services Limited (AIASL) | Fellow Subsidiary |
| 3 | Alliance Air Aviation Limited (AAAL) | Fellow Subsidiary |

**iii. Others**

| Sr. No | Name of Company | Relationship |
|---|---|---|
| 1 | Airport Authority of India | Entity under same control by the Government |
| 2 | Ministry of Civil Aviation | |

**B. Board of Directors**

| S. No. | Name of Director | Designation |
|---|---|---|
| 1 | Shri. Asangba Chuba Ao | CMD, AI Assets Holding Limited & Joint Secretary, Ministry of Civil Aviation |
| | | Chairman & Nominee Director, AIESL (w.e.f. 01.01.2024) |
| 2 | Shri Satyendra Kumar Mishra | Chairman, AIESL (w.e.f. 01.03.2023 to 01.01.2024) |
| | | Nominee Director, AIESL (w.e.f. 02.02.2017 to 01.01.2024) |
| 3 | Shri Padam Lal Negi | Joint Secretary & Financial Advisor, Ministry of Civil Aviation |
| | | Nominee Director, AIESL (w.e.f. 18.01.2023) |
| 4 | Smt. Parama Sen | Additional Secretary (Former Joint Secretary), Department of Investment & Public Asset Management |
| | | Nominee Director (Woman Director), AIESL (w.e.f. 11.02.2022 to 12.12.2023) |
| 5 | Shri Rahul Jain | Joint Secretary, Department of Investment & Public Asset Management |
| | | Nominee Director, AIESL (w.e.f. 12.12.2023 to 14.05.2024) |
| 6 | Smt. Nayonika Dutta | Joint Director, Ministry of Civil Aviation |
| | | Nominee Director, AIESL (w.e.f. 12.02.2024) |

**C. Key Managerial Personnel**

| S. No | Name of Key Managerial Personnel | Designation |
|---|---|---|
| 1 | Shri Sharad Agarwal | Chief Executive Officer w.e.f. 01.05.2022 |
| 2 | Shri Rakesh Kumar Jain | Chief Financial Officer w.e.f. 20.05.2022 |
| 3 | Ms. Sakshi Mehta | Company Secretary w.e.f. 09.11.2021 |

**D. Transaction with Key Managerial Person (KMP)**

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites to Chief Executive Officer, Chief Financial Officer and Company Secretary. During the year 2023-24, remuneration and perquisites is ₹ 5.36 Million (PY ₹5.17 Million) for Chief Executive Officer, ₹2.83 Million (PY ₹2.70 Million) for Chief Financial Officer and ₹ 1.01 Million (PY ₹ 0.97 Million) for Company Secretary.

ii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives during the year.

**E.** In term of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. significantly controlled and influenced entities (Government of India) and other than government related parties:

| S. No. | Name of the Entities and Nature of transactions | 2023-24 (₹ in million) | 2022-23 (₹ in million) |
|---|---|---|---|
| 1 | **AI Assets Holding Limited (AIAHL) Holding Company** | | |
| | **Expense** | | |
| | Interest on outstanding payables to AIAHL | 1,840.76 | 1,865.56 |
| | Rent | 396.72 | 467.35 |
| | Reimbursement to AIAHL from AIESL | 38.84 | 69.22 |
| | | | |
| | **Income** | | |
| | Reimbursement from AIAHL to AIESL | 23.56 | 15.05 |
| | | | |
| | **Closing Balance as on 31st March (Payable) / Receivable** | **-20,822.99** | **-21,739.44** |
| 2 | **Alliance Air Aviation Limited (AAAL)** | | |
| | **Income** | | |
| | Revenue from operation | 577.34 | 586.70 |
| | Other Income (Interest) | 210.70 | 173.45 |
| | | | |
| | **Expenditure** | | |
| | Total Expenditure | - | - |
| | | | |
| | **Closing Balance (Payable) / Receivable** | **2,584.75** | **2,309.77** |

| | | | |
|---|---|---|---|
| 3 | **AI Airport Services Limited (AIASL)** | | |
| | **Revenue from Operation** | 28.81 | 12.42 |
| | **Expenditure** | | |
| | Handling Charges | 120.87 | 200.82 |
| | Manpower Cost | 2.57 | 3.26 |
| | Interest on dues AIASL | 1.36 | 21.87 |
| | **Closing Balance (Payable) / Receivable** | **-38.14** | **6.62** |

| | | | |
|---|---|---|---|
| 4 | **Centaur Hotel (HCI)** | | |
| | **Expenditure** | | |
| | Hotel Expenses- Staff on Duty | 18.48 | 16.38 |
| | **Closing Balance (Payable) / Receivable** | **-7.67** | **-3.79** |

**NOTE "31" : FOLLOWING ARE THE DETAILS OF FOREIGN CURRENCY EARNED AND EXPENDED BY THE COMPANY DURING THE YEAR**

**(₹ in million)**

| Particulars | For the year ended March 31, 2024 | For the year ended March 31, 2023 |
|---|---|---|
| Foreign exchange earnings | 979.58 | 1254.99 |
| Foreign exchange expended | 2,147.71 | 737.99 |
| **Net foreign exchange earnings** | **(1,168.14)** | **517** |

**NOTE "32" : CORPORATE SOCIAL RESPONSIBILITY**

As per Section 135 (1) of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. Further as per section 135(5), the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years. Based on this the company has contributed to Prime Minister Relief Fund of ₹91.00 million (Previous Year ₹40.94 million).
Corporate Social Responsibility Expenditure: -

| Particulars | Year ended March 31, 2024 | Year ended March 31, 2023 |
|---|---|---|
| Amount required to be spent by the company during the year | 91.00 | 40.94 |
| Amount of expenditure incurred | - | - |
| **Nature of CSR activities** | | |
| a) Construction / acquisition of any assets | - | - |
| b) On purpose other than 1 above | 91.00 | 40.94 |
| Shortfall at the end of the year / period | - | - |
| Total of previous years shortfall | - | - |
| Reason for shortfall | - | - |
| Nature of CSR activities : | Contribution to Prime Minister's National Relief Fund | Contribution to Prime Minister's National Relief Fund |

**NOTE "33" : INDEPENDENT DIRECTOR AND NOMINATION & REMUNERATION COMMITTEE**

As per Companies Act 2013, Sec 149(4) and 178 and in line with Rule 4(2) the Company is not required to have independent director being an unlisted company and a wholly owned subsidiary of AIAHL. However, as per DPE guidelines on Corporate Governance 2010, the non-listed CPSEs provides for appointment of Independent Director, setting up of Audit Committee and Remuneration Committee, respectively wherein the constitution of both the committee is required to be done by Independent Director. The company has applied to the DPE for seeking exemption vide letter ref no AIESL/CS/HQ/25 dated 01.09.2020. No response to the said letter has been received.

**NOTE "34" : ADDITIONAL REGULATORY INFORMATION REQUIRED BY SCHEDULE III**

**(i)** Loans and advances to specified persons ₹ Nil (Previous Year ₹ Nil) which are repayable on demand or without specifying any terms or period of repayment.

**(ii) Details of benami property held**

There is no benami property held by the Company, hence, not applicable.

**(iii) Wilful defaulter**

The company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

**(iv) Compliance with number of layers of companies**

The number of layers prescribed under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017. Such Compliance with number of layers of companies is not applicable for PSUs.

**(v) Compliance with approved scheme(s) of arrangements**

The company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

**(vi) Utilisation of borrowed funds and share premium**

All borrowings of the Company have been used for the intended purpose, hence, not applicable.

**(vii) Undisclosed income**

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

**(viii) Details of crypto currency or virtual currency**

The company has not traded or invested in crypto currency or virtual currency during the current or previous year.

**(ix) Title deeds of immovable properties not held in name of the company**

| Relevant line item in the Balance sheet | Description of item of property | Gross carrying value ( ₹ in million) | Title deeds held in the name of | Whether title deed holder is a promoter, director or relative# of promoter*/director or employee of promoter/director | Reason for not being held in the name of the company |
|---|---|---|---|---|---|
| PPE | i. Building | 2,644.05 | Air India Limited and held since 8th April, 2021 | No | Refer Note 2(a).1 |
| | ii. Jet 9D Test House | 10.42 | Air India Limited and held since 1st April, 2019 | No | Refer Note 2(a).3 |
| Investment property | Land | - | - | - | - |
| | Building | - | - | - | - |
| Non-current asset held for sale | Land | - | - | - | - |
| | Building | - | - | - | - |
| Others | | - | - | - | - |

**(x) Capital Work-in-progress (CWIP)**

| CWIP | ₹ in million in CWIP for a period of | | | | Total |
|---|---|---|---|---|---|
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | |
| Projects in progress | - | - | - | - | - |
| Projects temporarily suspended | - | - | - | 1,137.68 | 1,137.68 |

**(xi) Registration of charges or satisfaction with Registrar of Companies (ROC)**
No charge created hence not applicable

**(xii) Relationship with Struck off Companies:**

The Company has no outstanding balances as on 31.03.2024 (previous period: Nil) with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

**(xiii) Ratios** **(₹ in million)**

| **Current ratio** | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Total current assets | 18,751.82 | 14,189.31 |
| Total current liabilities | 5,012.29 | 4,605.88 |
| Ratio | 3.74 | 3.08 |
| **% change** | **21%** | **96%** |
| **Reason** | Due to increase in current assets (mainly increase in Trade Receivable) as well as current liability as compared to previous year. | |
| **Debt equity ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Total debt | - | - |
| Shareholder's equity | -5,393.71 | -7,750.99 |
| Ratio | - | - |
| **% change** | **-** | **-** |
| **Reason** | There are no debts. | |
| **Debt service coverage ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Earnings available for debt service (EBIDTA) | 8,746.02 | 8,773.29 |
| Total debt | - | - |
| Ratio | - | - |
| **% change** | **-** | **-** |
| **Reason** | There are no debts. | |
| **Return on equity** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Net profits after tax | 2,549.87 | 6,433.92 |
| Average Shareholders' equity | -6,572.35 | -11,047.77 |
| Ratio | -0.39 | -0.57 |
| **% change** | **-32%** | **-27%** |
| **Reason** | Due to decrease net profit made during the year comapred to previous year and improvement in average shareholders' equity | |
| **Inventory turnover ratio** | | |
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Cost of goods sold | 1,606.39 | 631.87 |
| Average inventory | 144.18 | 355.31 |
| Ratio | 11.14 | 1.78 |
| **% change** | **526%** | **-43%** |
| **Reason** | Consumption of stores is not directly related to the inventory held | |

| Trade receivable turnover ratio | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Revenue from operations | 20,879.83 | 19,683.24 |
| Closing trade receivables | 12,764.27 | 8,315.66 |
| Ratio | 1.64 | 2.37 |
| **% change** | **-31%** | **-30%** |
| **Reason** | Due to increase in revenue as compared to previous year as well as trade receivables. | |

| Trade payable turnover ratio | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Other expenses | 5,404.27 | 4,818.79 |
| Closing trade payables | 2,246.07 | 1,421.90 |
| Ratio | 2.41 | 3.39 |
| **% change** | **-29%** | **87%** |
| **Reason** | Due to increase in other expenses and increase in closing trade payables. | |

| Net capital turnover ratio | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Revenue from operations | 20,879.83 | 19,683.24 |
| Working capital | 13,739.53 | 9,583.44 |
| Ratio | 1.52 | 2.05 |
| **% change** | **-26%** | **-61%** |
| **Reason** | Mainly due to increase in working capital (Debtors and bank balance) as compared to previous year. | |

| Net profit ratio | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Net Profit for the year | 2,549.87 | 6,433.92 |
| Revenue from operation | 20,879.83 | 19,683.24 |
| Ratio | 0.12 | 0.33 |
| **% change** | **-63%** | **-26%** |
| **Reason** | Due to lower profit in view of tax expense impact as compared to previous year. | |

| Return on capital employed | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Profit before exceptional item & tax plus finance cost | 8,135.67 | 8,180.56 |
| Capital employed | 21,747.17 | 17,807.80 |
| Ratio | 0.37 | 0.46 |
| **% change** | **-19%** | **-12%** |
| **Reason** | Due to decrease in profit before exceptional item & tax plus finance cost as compared to previous year and improvement in capital employed. | |

| Return on investment | | |
|---|---|---|
| **Particular** | **As at March 31, 2024** | **As at March 31, 2023** |
| Income from investment | Nil | Nil |
| Closing balance of investment | Nil | Nil |
| Ratio | Nil | Nil |
| **% change** | **Nil** | **Nil** |
| **Reason** | No investment made | |
| | | |

1. Total debt = Non-current borrowings + Current borrowings

2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs

3. Cost of goods sold = Cost of materials consumed + Purchases of stock-in-trade + Changes In inventories of finished goods and work-in-progress

4. Working capital = Total current assets - Total current liabilities

5. Capital employed = Total equity + Total non current liabilities

6. Total equity = Total equity excluding non controlling Interest (less) / add ( deferred tax assets) / deferred tax liability (net)

## NOTE "35" : FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT

### Accounting Policy

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**A. Financial Assets**

(i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) or fair value through Statement of Profit and Loss (FVTPL) on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

(ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

(iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

(a) Financial assets carried at amortized cost: A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(b) Financial assets at fair value through other comprehensive income: A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

(c ) Financial assets at fair value through Statement of Profit and Loss: A financial asset comprising derivatives which is not classified in any of the above categories is subsequently fair valued through profit or loss.

(iv) De-recognition
A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset

(v) Impairment of other financial assets
The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables etc.

(vi) Write-off
The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**B. Financial Liabilities**

(i) Initial recognition and measurement
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

(ii) Classification
The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(iii) Subsequent measurement
The measurement of financial liabilities depends on their classification, as described below.

a) Financial liabilities at amortized cost:
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables.

b) Financial liabilities at fair value through Statement of Profit and Loss:
Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

(iv) De-recognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

(v) Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously.

**NOTE 35.i. Capital Management**

The Company's objective when managing capital is to:
i. Safeguard its ability to continue as going concern so that the Company is able to provide return to stakeholders and benefits for other stakeholders; and
ii. Maintain an optimal capital structure of debt and equity balance.
iii. The capital structure of the Company consists of total equity of the Company.
iv. The Company's Audit Committee and BoD review the capital structure of the Company from time to time. The committee considers the cost of capital and the risks associated with each class of capital as and when required.
v. During the financial year ended 31 March 2024, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

(₹ in million)

| Financial assets and liabilities as at March 31, 2024 | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | |
| Trade receivables | - | 12,764.27 | 12,764.27 | - | - | - | - | - | - | - | - | 12,764.27 | 12,764.27 |
| Other financial assets | 1.00 | 25.12 | 26.12 | - | - | - | - | - | - | - | - | 26.12 | 26.12 |
| Cash and cash equivalents | - | 2,213.27 | 2,213.27 | - | - | - | - | - | - | - | - | 2,213.27 | 2,213.27 |
| Bank balances other than cash and cash equivalents | - | 2,401.38 | 2,401.38 | - | - | - | - | - | - | - | - | 2,401.38 | 2,401.38 |
| **Total financial assets** | **1.00** | **17,404.04** | **17,405.04** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **17,405.04** | **17,405.04** |
| **Financial liabilities** | - | | | | | | | | | | | | |
| Lease liabilities | 33.14 | 13.12 | 46.27 | - | - | - | - | - | - | - | - | 46.27 | 46.27 |
| Trade payables | - | 2,246.07 | 2,246.07 | - | - | - | - | - | - | - | - | 2,246.07 | 2,246.07 |
| Other financial liabilities | 20,822.96 | 954.83 | 21,777.80 | - | - | - | - | - | - | - | - | 21,777.80 | 21,777.80 |
| **Total financial liabilities** | **20,856.11** | **3,214.03** | **24,070.14** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **24,070.14** | **24,070.14** |

| Financial assets and liabilities as at March 31, 2023 | Non-current | Current | Total | Routed through profit & loss | | | | Routed through OCI | | | | Carried at amortised cost | Total amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Level 1 | Level 2 | Level 3 | Total | Level 1 | Level 2 | Level 3 | Total | | |
| **Financial assets** | | | | | | | | | | | | | |
| Trade receivables | - | 8,315.66 | 8,315.66 | - | - | - | - | - | - | - | - | 8,315.66 | 8,315.66 |
| Other financial assets | 0.06 | 14.97 | 15.04 | - | - | - | - | - | - | - | - | 15.04 | 15.04 |
| Cash and cash equivalents | - | 397.84 | 397.84 | - | - | - | - | - | - | - | - | 397.84 | 397.84 |
| Bank balances other than cash and cash equivalents | - | 3,628.88 | 3,628.88 | - | - | - | - | - | - | - | - | 3,628.88 | 3,628.88 |
| **Total financial assets** | **0.06** | **12,357.35** | **12,357.41** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **12,357.41** | **12,357.41** |
| **Financial liabilities** | | | | | | | | | | | | | |
| Lease liabilities | 46.27 | 11.31 | 57.57 | - | - | - | - | - | - | - | - | 57.57 | 57.57 |
| Trade payables | - | 1,421.90 | 1,421.90 | - | - | - | - | - | - | - | - | 1,421.90 | 1,421.90 |
| Other financial liabilities | 21,739.44 | 757.97 | 22,497.41 | - | - | - | - | - | - | - | - | 22,497.41 | 22,497.41 |
| **Total financial liabilities** | **21,785.71** | **2,191.17** | **23,976.88** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **23,976.88** | **23,976.88** |

The companies' receivable/payable to holding company and its subsidiaries have been contracted at market rate of interest, which resets at regular intervals. Accordingly, the carrying value of such borrowings (including interest accrued) approximates fair value.

* The carrying amounts of trade receivables, trade payables, cash and cash equivalents, and other current financial assets, approximates the fair values, due to their short-term nature.

**Fair value hierarchy**

The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consist of the following three levels:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: Inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices).

Level 3: Inputs are not based on observable market data unobservable inputs. Fair value are determined in whole or in part using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

**NOTE "36" : FINANCIAL RISK MANAGEMENT**

The company has exposure to following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk – a. Foreign currency and b. Interest rate

The company's principal financial liabilities comprise of trade and other payables. The main purpose of these financial liabilities is to finance receivable, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. A board of directors reviews and agrees policies for managing each of these risks, which summarized below:

**(i) Credit risk management**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured are derived from revenue earned from customers The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approval and continuously monitoring credit worthiness of customers to which the Company brands credit terms in the normal course of the business. Trade receivables consist of number of customers from the same aviation industry. Significant of outstanding is from its Group Companies and for which the Management expects no credit risk. Accordingly, no expected credit loss has been considered on receivables from Group Companies. Apart from Group Company, in respect of government and other parties there is no significant concentration of credit risk. No single customer accounted for 10% or more of revenue in any of the years indicated, except for IAF-SESF. The outstanding trade receivables are regularly monitored, and appropriate action is taken for collection of overdue receivables.

As per simplified approach, the Company makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk. Our historical experience of collecting receivables indicates a low credit risk. Hence, trade receivables are considered to be a single class of financial assets. Based on the business environment in which the company operates, management considers that the trade receivable are in default (credit impaired) if the payments are more than 36 months past due. Further, the company has also made credit risk impaired on individual basis based on the current status of the party on going concern. The provisioning norms computed based on the proportion computed by taking ratio of outstanding receivables for more than 36 months. According ECL is providing using following rates:

| Bucket | As at March 31, 2024 | As at March 31, 2023 |
|---|---|---|
| Government Company past due more than three years | 100.00% | 100.00% |
| Group Company | 0.00% | 0.00% |
| Other Parties past due greater than one year and up to three years | 2.26% | 3.90% |
| Other Parties past due more than three years | 100.00% | 100.00% |
| Specific Credit Risk impairment on individual basis | 100.00% | 100.00% |

The Company's exposure to credit risk for trade receivables is as follows:

**(₹ in million)**

| Particulars | As at 31st March 2024 | | As at 31st March 2023 | |
|---|---|---|---|---|
| | Gross Carrying ₹ | Loss Allowance | Gross Carrying ₹ | Loss Allowance |
| Debts not due | - | - | - | - |
| Debts over due | 13,433.37 | 669.10 | 8,912.95 | 597.30 |
| **Total** | **13,433.37** | **669.10** | **8,912.95** | **597.30** |

The movement in allowance for Expected credit loss is as follows:

**(₹ in million)**

| Particulars | For the year ended 31st March 2024 | For the year ended 31st March 2023 |
|---|---|---|
| Balance at the beginning of the Year | 597.30 | 559.91 |
| Movement during the year | 71.80 | 37.38 |
| **Balance at the end of the Year** | **669.10** | **597.30** |

**(ii) Liquidity risk management**

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligation associated with its Financial liabilities that are settled by delivering cash or another Financial assets.

The company's approach to manage Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The company believes that its liquidity position, including total cash (including bank deposit lien and excluding interest accrued but not due) anticipated future internally generated funds from operations, and its fully available, revolving undrawn credit facility of ₹ Nil (March 31, 2021: Nil; April 1, 2020: Nil) will enable it to meet its future known obligation in the ordinary course of business. However, if a liquidity needs were to arise, the company believes it has access to financing arrangement, value of unencumbered assets, which should enable it to meet its ongoing capital, operating, and liquidity requirement.

The company's liquidity management process as monitored by management includes the following:

- Day to day funding, managed by monitoring future cash flows to ensure that requirement can be met.
- Maintaining rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.

The following are the remaining contractual maturities of financial liabilities at the reporting data. The contractual maturity is based on the earliest date on which the company may be required to pay:

**Exposure to liquidity risk**

**As at March 31, 2024** **(₹ in million)**

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | More than 5 years | Total |
| **Current** | | | | | |
| Trade Payables | 2,246.07 | 2,246.07 | - | - | 2,246.07 |
| Other Financial Liabilities | 1,001.10 | 967.96 | 33.14 | - | 1,001.10 |

**As at March 31, 2023** **(₹ in million)**

| Particulars | Carrying amount | Contractual cash flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 years | More than 5 years | Total |
| **Current** | | | | | |
| Trade Payables | 1,421.90 | 1,421.90 | - | - | 1,421.90 |
| Other Financial Liabilities | 815.54 | 769.28 | 46.27 | - | 815.54 |

**(iii) Market risk**

Market risk is that the fair value and future cash flows of financial instrument will fluctuate because of changes in market prices. Market risk comprises two type of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimizing the return.

**(a) Interest rate risk**

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company is not exposed to any borrowings.

**(b) Currency risk**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the company's operating, investing and financing activities.

**Exposure to foreign currency risk**

The summary of quantitative data about the company's exposure to currency risk, as expressed in Indian Rupees, as at March 31, 2024 and March 31, 2023 are as below:

**As at March 31, 2024** **(₹ in million)**

| Particulars | AED | AUD | BDT | CNY | EUR |
|---|---|---|---|---|---|
| Cash & Cash Equivalents | 0.85 | - | - | - | - |
| Other Financial Assets | 0.01 | - | - | - | - |
| Trade Receivables | -0.03 | - | - | - | 0.01 |
| **Total Financial Assets** | **0.83** | **-** | **-** | **-** | **0.01** |
| Other Financial Liabilities | - | - | - | - | - |
| Trade Payables | -0.01 | - | - | - | -0.34 |
| **Total Financial Liabilities** | **-0.01** | **-** | **-** | **-** | **-0.34** |
| **Particulars** | **GBP** | **HKD** | **JPY** | **LKR** | **NPR** |
| Cash & Cash Equivalents | - | - | - | - | - |
| Other Financial Assets | - | - | - | - | - |
| Trade Receivables | - | - | - | - | - |
| **Total Financial Assets** | **-** | **-** | **-** | **-** | **-** |
| Other Financial Liabilities | - | - | - | - | - |
| Trade Payables | 0.01 | - | -0.07 | 0.08 | 0.04 |
| **Total Financial Liabilities** | **0.01** | **-** | **-0.07** | **0.08** | **0.04** |

| Particulars | SAR | SEK | SGD | USD | |
|---|---|---|---|---|---|
| Cash & Cash Equivalents | - | - | - | 0.00 | |
| Other Financial Assets | - | - | - | - | |
| Trade Receivables | | | - | 9.53 | |
| **Total Financial Assets** | **-** | **-** | **-** | **9.54** | |
| Other Financial Liabilities | - | - | - | 0.95 | |
| Trade Payables | - | - | 0.00 | -10.98 | |
| **Total Financial Liabilities** | **-** | **-** | **0.00** | **-10.030** | |

**As at March 31, 2023** **(₹ in million)**

| Particulars | AED | AUD | BDT | CNY | EUR |
|---|---|---|---|---|---|
| Cash & Cash Equivalents | 0.78 | - | - | - | - |
| Other Financial Assets | 0.24 | 0.05 | 0.03 | 0.06 | 0.01 |
| Trade Receivables | -0.02 | - | - | - | 0.01 |
| **Total Financial Assets** | **1.01** | **0.05** | **0.03** | **0.06** | **0.02** |
| Other Financial Liabilities | 0 | - | - | - | - |
| Trade Payables | 0.03 | - | - | - | -0.06 |
| **Total Financial Liabilities** | **0.03** | **-** | **-** | **-** | **-0.06** |
| **Particulars** | **GBP** | **HKD** | **JPY** | **LKR** | **NPR** |
| Cash & Cash Equivalents | - | - | - | - | - |
| Other Financial Assets | 0.01 | 0.59 | - | - | 0.95 |
| Trade Receivables | - | - | - | - | - |
| **Total Financial Assets** | **0.01** | **0.59** | **-** | **-** | **0.95** |
| Other Financial Liabilities | - | - | - | - | - |
| Trade Payables | -0.01 | - | - | -0.08 | - |
| **Total Financial Liabilities** | **-0.01** | **-** | **-** | **-0.08** | **-** |
| **Particulars** | **SAR** | **SEK** | **SGD** | **USD** | |
| Cash & Cash Equivalents | - | - | - | 0.01 | |
| Other Financial Assets | 0.03 | - | 0.05 | 0.25 | |
| Trade Receivables | - | - | - | 22.72 | |
| **Total Financial Assets** | **0.03** | **-** | **0.05** | **22.99** | |
| Other Financial Liabilities | - | - | - | - | |
| Trade Payables | - | - | -0.01 | -1.63 | |
| **Total Financial Liabilities** | **-** | **-** | **-0.01** | **-1.63** | |

**Sensitivity Analysis**

A reasonably possible change of (5%) strengthening/(weakening)of the USD against INR at the reporting date would have affected the profit or loss and measurement of financial instruments denominated in US dollars by the ₹s shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

| Effect in INR (before tax) | Profit or Loss | |
|---|---|---|
| | | |
| For the year ended on 31st March, 2024 | Strengthening | Weakening |
| 5% Movement | NIL | NIL |
| | | |
| **Effect in INR (before tax)** | **Profit or Loss** | |
| For the year ended on 31st March, 2023 | Strengthening | Weakening |
| 5% Movement | NIL | NIL |

**NOTE "37" : Ind-AS 115: Performance Obligations and remaining Performance Obligations**

The aggregate value of performance obligations that are completely or partially unsatisfied as at 31st March, 2024, is ₹Nil (₹ Nil as on 31st March, 2023).

**NOTE "38" :** The company is in the process of transfer of hangars and associate buildings owned by the holding company constructed on the land leased by Airport Authority of India or other airport operators at various locations in India. This process will complete in due course.

**NOTE "39" :** AIESL has signed a Long-Term Maintenance Agreement (LTMA) with Indian Air Force (IAF) on 4th March, 2021 for the purpose of operation and maintenance of Special Extra Section Flights (SESF) two B-777 ER Aircraft for a period of five years from the effective date. The effective date of LTMA is 28th March, 2021

**NOTE "40" : Previous Year figures** have been re-grouped/re-arranged wherever considered necessary to be compatible with the Schedule III of the Companies Act 2013 and as per requirement specified in Ind-AS, to the extent of information being available and required for compilation.

**For and on Behalf of**
**AAJV and Associates**
**Chartered Accountants**
**FRN : 007739N**

**Sd/-**
**CA Ajay K Bajaj**
**Partner**
**M.No. 086306**
**UDIN : 25086306BMJPGQ3089**

**Place : New Delhi**
**Date : 26-03-2025**

**For and on behalf of the Board of Directors**

**Sd/-**
**Amit Kumar**
**Chairman**
**DIN 11001643**

**Sd/-**
**Padam Lal Negi**
**Director**
**DIN 10041387**

**Sd/-**
**Sharad Agarwal**
**Chief Executive Officer**

**Sd/-**
**Rakesh Kumar Jain**
**Chief Financial Officer**

**Sd/-**
**Sakshi Mehta**
**Company Secretary**

**COMMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINACIAL STATEMENTS OF AI ENGINEERING SERVICES LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of financial statements of AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013(Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based in independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 26 March 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statementsof AI ENGINEERING SERVICES LIMITED for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

**Sd/-**
**(Pramod Kumar)**
**Addl. Dy. Comptroller and Auditor General**
**(Infrastructure), New Delhi**

**Place: New Delhi**
**Dated:16-05-2025**

# ALLIANCE AIR AVIATION LIMITED

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# CORPORATE INFORMATION

## BOARD OF DIRECTORS (AS ON 01.08.2025)

| | |
|---|---|
| Shri Amit Kumar | Chairman |
| Shri Asangba Chuba Ao | Government Nominee Director |
| Shri Rohit Raj | Government Nominee Director |
| Smt.Nayonika Dutta | Government Nominee Director |

### Chief Executive Officer

Shri Rajarshi Sen

### Chief Financial Officer

Shri Amit Mishra

### Company Secretary

Smt. Shilpa Bhatia

### Statutory Auditors

Batliboi & Purohit
Chartered Accountants
National Insurance Building, 2nd Floor,
204 D N Road, Fort, Mumbai -400001

### Secretarial Auditors

T. Chatterjee & Associates
Practising Company Secretaries
1209, 12th Floor, Ansal Tower, 38 Nehru Place,
New Delhi-110019

### Bankers

Punjab National Bank, IndusInd Bank, Axis Bank,
Kotak Bank, Indian Overseas Bank & SBI (Sri Lanka)

### Registered Office

Alliance Bhawan, Domestic Terminal-1
I.G.I. Airport, New Delhi – 110037
Tel:011-25672287, Website: www.allianceair.in
CIN:U51101DL1983GOI016518

### Registrar & Share Transfer Agent

Link Intime India Private Limited
C-101, 247 Park,
L.B.S. Marg Vikhroli (West),
Mumbai – 400083

# CHAIRMAN'S MESSAGE



***Dear Shareholders,***

I am pleased to present the 41st Annual Report of Alliance Air Aviation Limited (AAAL) for the financial year 2023-24. As one of India's leading regional airlines, we are committed to enhancing connectivity between Tier 2 and Tier 3 cities, operating under the 'Alliance Air' brand.

Alliance Air is a wholly owned entity under AI Assets Holding Limited (AIAHL). Our fleet consists of 21 aircraft-18 ATR 72-600, 2 ATR 42-600, and 1 Dornier Do-228. During the financial year 2023-24, we achieved over 100 daily departures across 56 destinations, reinforcing our role in promoting last-mile connectivity.

**OVERVIEW-CIVIL AVIATION INDUSTRY**

India's aviation sector continues to thrive, driven by a growing middle class and rising air travel demand. In the financial year 2023-24, domestic passenger traffic grew by 12.97%, reaching 153.7 Million, while total passenger volume rose to 376 Million, reaffirming India's position as the world's third-largest aviation market.

**Key highlights:**

- 47% growth in domestic air traffic compared to pre-pandemic levels (DGCA).
- Expansion of Tier 2 & Tier 3 connectivity, driven by increased demand and government support.
- ATF prices remained a concern, constituting nearly 40% of operating costs, with airlines demanding inclusion under GST.

- Entry of new regional carriers and expansion of existing players helped widen access to underserved markets.

## AIR TRAVEL GROWTH AND FUTURE PROSPECTS

The sector's growth continues, with total passenger handling capacity increasing from 460 Million to over 530 Million. We anticipate massive transformations in Indian aviation due to strong economic growth, favourable demographics, and infrastructure investment.

## PERFORMANCE OF THE COMPANY DURING THE YEAR

The Company registered a net loss (EBIT) of Rs. 246.43 Crore during the financial year 2023-24 as compared to a net loss of Rs. 73.50 Crore in the financial year 2022-23 The Net Loss after tax of the Company during the financial year was Rs. 619.56 Crore as compared to the Net Loss after tax of Rs. 565.77 Crore in the financial year 2022-23.

## REGIONAL CONNECTIVITY SCHEME (RCS) AND NEW VGF ROUTES

The Regional Connectivity Scheme (RCS-UDAN) continues to play a transformative role in improving air services to India's underserved and remote regions. In the financial year 2023–24, the scheme reached significant milestones with the operationalization of over 1,000 UDAN routes, increased passenger uptake on regional sectors, and the development of more than 100 unserved and underserved airports—bringing air travel closer to the common citizen.

Alliance Air has been a committed partner of the UDAN-RCS mission since its inception. We have successfully operated 139 out of the 165 awarded routes, reaffirming our leadership in regional aviation. In the financial year 2023-24 alone, we launched new RCS sectors such as Amritsar-Kullu-Amritsar, Delhi-Bathinda-Delhi, Bengaluru-Salem-Bengaluru, Salem-Kochi-Salem, and Amritsar-Shimla-Amritsar. As India's first UDAN launch carrier (Shimla–Delhi, 27$^{th}$ April 2017), we remain deeply engaged in strengthening last-mile connectivity especially in geographically difficult and strategically important areas like the North-East.

Further, under the Viability Gap Funding (VGF) support extended by the State Governments of Chhattisgarh and Uttarakhand, Alliance Air commenced flights on routes suggested by these State Government's. The suggested routes not only bridge distances but also bring essential connectivity to regions with limited access.

We remain committed to aggressively participating in future rounds of UDAN bidding to expand our regional reach.

## AWARDS

Alliance Air won Wings India 2024 Award for best airline under Regional Connectivity.

## FUTURE PLANS

Moving forward, we aim to further expand our fleet and RCS routes in the financial year 2024-25. Our focus will include growing services in the challenging north eastern region and exploring both domestic and international opportunities.

## CORPORATE GOVERNANCE

Alliance Air Aviation Limited was in compliance with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the

stipulated time. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governace Guidelines for the financial year 2023-2024.

## ACKNOWLEDGEMENTS

I extend my sincere gratitude to the Ministry of Civil Aviation, for their constant support and guidance. I also express my heartfelt thanks to DGCA, BCAS, AAI and other Airport Operators, Financial Partners, and Regulatory Authorities for their steadfast support. I also thank my fellow Board members for their guidance. My gratitude and deep appreciation to our employees for their dedication and hard work without whom we would not have achieved what we have so far.

On behalf of the Board, I thank you for your continued trust and support as we chart the course toward a stronger, more connected Alliance Air.

Sd/-
**Amit Kumar**
**Chairman**




## Vision

**To be a safe and reliable airline providing the best travel experience to its guests.**

## Mission

**Our mission is to connect people, places, and cultures. We aim to enable people to have access to safe, secure, sustainable and affordable air services in a world-class aviation environment and to make every flight special and memorable for our guests.**

# FLEET




ATR 72-600 (18 aircraft) 70/72 seater

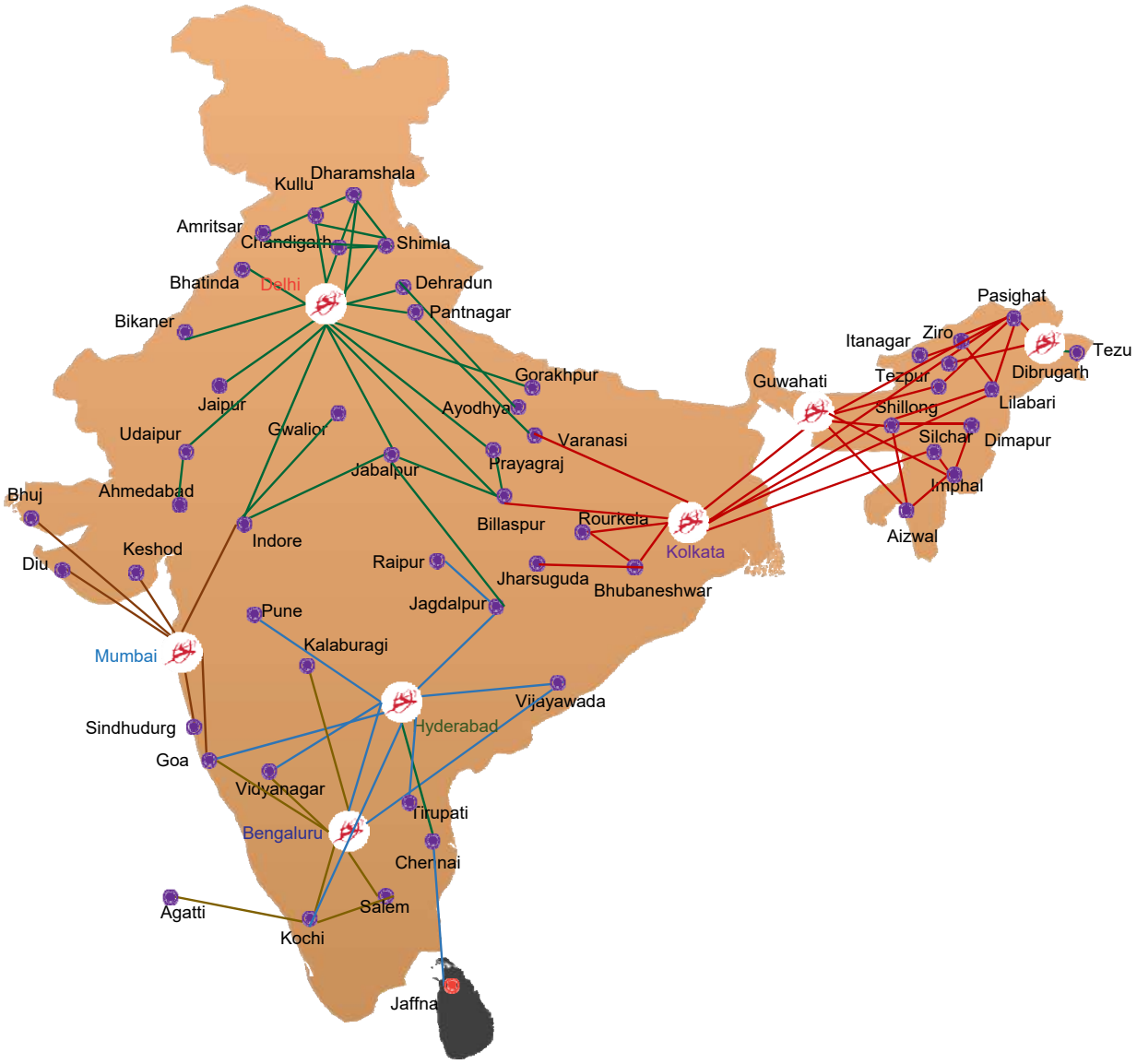



ATR 42-600 (02 aircraft) 48 seater




Dornier DO-228 ( 1 aircraft) 17 seater

# Network


Dharamshala
Kullu
Amritsar
Chandigarh
Shimla
Bhatinda
Delhi
Dehradun
Pantnagar
Bikaner
Gorakhpur
Jaipur
Ayodhya
Udaipur
Gwalior
Varanasi
Prayagraj
Jabalpur
Bhuj
Ahmedabad
Billaspur
Rourkela
Indore
Keshod
Diu
Raipur
Jharsuguda
Bhubaneshwar
Jagdalpur
Pune
Mumbai
Kalaburagi
Vijayawada
Sindhudurg
Hyderabad
Goa
Vidyanagar
Tirupati
Bengaluru
Chennai
Agatti
Salem
Kochi
Jaffna
Guwahati
Kolkata
Pasighat
Itanagar
Ziro
Tezu
Tezpur
Dibrugarh
Shillong
Lilabari
Silchar
Dimapur
Imphal
Aizwal

# DIRECTORS' REPORT

Dear Members,

The Directors of your Company present the 41st (Forty First) Annual Report together with Audited Financial Statements, Auditor's Report and Comments of the Comptroller and Auditor General of India for the financial year ended 31st March, 2024.

## 1. FINANCIAL PERFORMANCE OF THE COMPANY

The financial performance for the financial year 2023-24 under review vis-a-vis the previous year was as under:

**(Rs. in Crore)**

| **Particulars** | **2023-24** | **2022-23** |
|---|---|---|
| Operating Revenue | | |
| Schedule Revenue | **603.77** | 654.14 |
| Non-Schedule Revenue | **333.16** | 375.91 |
| Other Operating Revenue | **17.84** | 68.37 |
| Other Income | **7.79** | 6.54 |
| Total Revenue | **962.55** | 1,104.96 |
| Total Expenses | **1583.57** | 1,671.53 |
| Tax Expense | **-** | - |
| Other Comprehensive Income | **1.46** | 0.80 |
| Net Profit/(Loss) for the year before tax | **(621.02)** | (566.57) |
| Net Profit/(Loss) for the year after tax & comprehensive income | **(619.56)** | (565.77) |
| Share Capital | **1,002.25** | 402.25 |

The total revenue during the financial year 2023-24 was Rs.962.55 Crore compared to Rs. 1,104.96 Crore in the financial year 2022-23. The total expenditure during the financial year 2023-24 was Rs. 1,583.57 Crore compared to Rs. 1,671.53 Crore in the financial year 2022-23. The net loss after tax & comprehensive income for the financial year 2023-24 was Rs. 619.56 Crore as against the net loss of Rs.565.77 Crore in the financial year 2022-23.

## 2. INFORMATION ON STATE OF AFFAIRS OF THE COMPANY

Alliance Air Aviation Limited (AAAL) is a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). The Company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India.

For more detailed information on State of Affairs of the Company, please refer Management Discussion and Analysis Report forming part of the report.

## 3. SHARE CAPITAL

**Authorized Share Capital**

As on 31st March, 2024, the Authorized Share Capital of the Company was Rs.2,000 Crore divided into Twenty Crore Equity Shares of Rs.100 each.

**Issued, Subscribed and Paid up Share Capital**

As on 31st March, 2024, the Issued, Subscribed and Paid-Up Share capital of the Company was Rs.1,002.25 Crore divided into Ten Crore Two Lakh Twenty Five Thousand Equity Shares of Rs.100 each.

## 4. CHANGES IN THE SHARE CAPITAL, IF ANY

The Ministry of Finance, Department of Expenditure vide its OM No.27(01)/PFC-I/2023 dated 20th April, 2023 had conveyed the approval for financial support of Rs. 600 Crore (in two equal installments of Rs. 300 Crore) to Alliance Air Aviation Limited in the form of equity infusion to the Holding Company, AI Assets Holding Limited for onward investment in Alliance Air Aviation Limited subject to the certain conditions as stipulated in the aforesaid OM.

During the financial year 2023-24, the Company has issued & allotted 6,00,00,000 (Six Crore) Equity Shares of Rs.100/-each aggregating to 600,00,00,000 (Six Hundred Crore to AI Assets Holding Limited on rights basis. The equity shares so allotted rank pari-passu with the existing shares of the Company.

Details of allotment of equity shares made during the financial year under review on right basis to AI Assets Holding Limited, Holding Company is as under:

| S. No. | Date of allotment | No. of equity shares of face value Rs. 100 each allotted | Total Consideration |
|---|---|---|---|
| 1. | 27-06-2023 | 3,00,00,000 | 300,00,00,000 |
| 2. | 17-02-2024 | 3,00,00,000 | 300,00,00,000 |

Consequently, the issued, subscribed and paid-up share capital of the Company increased to Rs.1002.25 Crore divided into 100,225,000 equity shares of Rs.100/-each as on March 31, 2024.

## 5. DETAILS OF REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not revised its Financial Statements or Board's Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013.

## 6. CHANGE IN NATURE OF BUSINESS

During the year, there was no change in the nature of business of the Company.

## 7. DIVIDEND

In terms of Section 123 of the Companies Act, 2013, the dividend could not be considered due to accumulated losses.

## 8. TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed dividend for the past years, the provision of Section 125 of the Companies Act, 2013 did not apply.

## 9. AMOUNTS TRANSFERRED TO RESERVES

In view of the accumulated losses, the Board of Directors has decided not to transfer any amount to reserves during the year.

## 10. HUMAN RESOURCES

The staff strength of the Company at the end of the financial year was 882 (952) contractual employees excluding 4 on deputation from AIESL and 05 employees on deputation from Indian Air Force. All the employees of the Company are on the Fixed Term Employment Agreement basis. Out of the 882 contractual employees, 260(29.48 %) were female employees.

Category wise, as on 31st March, 2024, there were 131 employees belonging to SC, 55 employees belonging to ST and 157 employees belonging to OBC categories.

Region wise, as on 31st March, 2024, there were 531 employees from Northern Region, 76 employees from Western Region, 143 employees from Eastern Region, 131 employees from Southern Region and 1 from International Region.

## 11. IMPLEMENTATION OF RESERVATION POLICY

The Reservation Policy has been implemented as per the Presidential Directives issued in the year 1975 along with the revised Directives effective 1991 and 1996.

**SC/ST/OBC– Number of employees as on 31st March, 2024**

| Total No. of employees | Total No. of SC employees | % of SC employees | Total No. of ST employees | % of ST employees | Total No. of OBC employees | % of OBC employees |
|---|---|---|---|---|---|---|
| 882 | 131 | 14.85 | 55 | 6.24 | 157 | 17.80 |

## 12. IMPLEMENTATION OF OFFICIAL LANGUAGE - USE OF HINDI

To fulfill the objectives of the Official Language Policy of the Government, the Company played meaningful role in promoting the usage of Hindi at all levels. Officers/ Staff were encouraged to work more and more in Hindi. Hindi Pakhwara was conducted, wherein Officers/ Staff participated with enthusiasm. Prizes and awards were distributed to winners and participants during the function.

## 13. CONTRIBUTION TO EXCHEQUER

The Company has contributed Rs. 14.19 Crore (Rs.19.25 Crore) to Government exchequer by way of Sales Tax and other levies on Aviation Turbine Fuel.

## 14. COMPLIANCE WITH RTI ACT, 2005

The Company being a Public Sector Enterprise has successfully ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

The Company has a CPIO (Central Public Information Officer) and Appellate Authority for timely disposal of applications and appeals.

During the financial year 2023-24, 5 Requests/Appeals were received and all RTI requests/ appeals related to Alliance Air have been disposed off during the financial year 2023-24.

## 15. INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Company.

## 16. MATERIAL CHANGES AND COMMITMENTS

In terms of the provisions of Section 134(3)(l), the following material changes have occurred

which have affected the financial position of the Company between 31st March, 2024 and the date of Board's Report:

a) A fire took place in CAMO office of AAAL on 23rd April 2024 due to short circuit. The premises was on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 Million. The necessary accounting for the same will be affected in FY 2024-25.

b) Whistleblower Complaint and Pending Investigation: In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). Based on the same allegations, an internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024.

The matter is currently under investigation by the Vigilance Department, and the final report is awaited. No conclusions can be drawn until the Vigilance Department submits its findings.

c) A provision has been created for the potential recovery of the salary paid to the erstwhile CFO without Board approval, amounting to Rs. 0.21 Million.

d) A provision for potential recovery, amounting to Rs. 4.85 Million has been created under the category "Outstanding recoveries" in relation to the alleged payment to M/s Ally wired Soft Solutions Private Limited based on forged invoices.

Both provisions under clause c) and d) have been classified as other current assets. The event qualifies as an adjusting event under IND AS 10 (Events after the Reporting Period). The provisions will be adjusted, and appropriate actions will be taken based on the final findings of the Vigilance Department's investigation report.

## 17. MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

## 18. MEETINGS OF THE BOARD OF DIRECTORS

During the financial year 2023-24, the Company held nine meetings (including adjourned & re-adjourned meetings) of the Board of Directors as per Section 173 of Companies Act, 2013 which is summarized below:

| Sr. No. | Date of Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|
| 1. | 14.06.2023 | 4 | 4 |
| 2. | 20.06.2023 | 4 | 3 |
| 3. | 27.06.2023 | 4 | 4 |
| 4. | 23.08.2023 | 4 | 4 |
| 5. | 22.09.2023 | 4 | 4 |
| 6. | 15.01.2024 | 3 | 3 |
| 7. | 12.02.2024 | 4 | 3 |
| 8. | 17.02.2024 | 4 | 4 |
| 9. | 22.03.2024 | 4 | 4 |

## 19. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm: -

(a) That in the preparation of the Annual Accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures;

(b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year and of the profit and loss of the Company for that period;

(c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) The Directors have prepared the Annual Accounts on a going concern basis;

(e) The Company being unlisted sub clause (e) of section 134(3) is not applicable.

(f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 20. AUDIT COMMITTEE

The Audit Committee comprised of 4 Directors. In the absence of Independent Directors on the Board of the Company, the Audit Committee is chaired by the Government Director.

As on 31st March, 2024, the following were the members of the Audit Committee:

| Name of the Director | Position held in the Committee | Category of the Director |
|---|---|---|
| Shri Pranjol Chandra | Chairman | Government Nominee Director |
| Shri Asangba Chuba Ao | Member | Chairman (Government Nominee Director) |
| Shri Brajesh Kumar Srivastava | Member | Government Nominee Director |
| Smt. Nayonika Dutta | Member | Government Nominee Director |

The Board has accepted the recommendations of the Audit Committee.

## 21. NOMINATION & REMUNERATION COMMITTEE

The constitution of the Nomination & Remuneration Committee under Section 178 of Companies Act, 2013 has been exempted for the unlisted wholly-owned subsidiary companies vide notification no. GSR 880(E), dated 13-07-2017. Alliance Air Aviation Limited, being an unlisted wholly owned subsidiary Company of AI Assets Holding Limited thus got exempted from these provisions.

## 22. AUDITORS

The Comptroller & Auditor General of India (C&AG) has appointed M/s Batliboi & Purohit., Chartered Accountants, Delhi as Statutory Auditors of the Company for the FY 2023-24.

Qualifications or adverse remarks in the Auditors' Report which require any clarification/ explanation along with reply of management thereto are attached herewith in the Report.

The Notes on financial statements are self-explanatory and needs no further explanation.

## 23. COMMENTS OF COMPTROLLER AND AUDITOR GENERAL

The Comptroller & Auditor General of India (C & AG) in its Supplementary Audit under Section 143(6) read with Section 129(4) of the Companies Act, 2013, has issued "Nil" comments on the Financial Statements for the year ended 31st March, 2024. The comments of Comptroller & Auditor General of India (C & AG) form part of this Report.

## 24. SECRETARIAL AUDIT REPORT

Pursuant to the provisions of Section 204 of the Companies Act, 2013, the Board has appointed M/s T. Chatterjee & Associates, Company Secretaries, New Delhi, to conduct Secretarial Audit for the financial year 2023-24.

The Secretarial Audit Report for the financial year ended 31st March, 2024 is annexed to this Report.

**Management's Reply on the observation contained in the Secretarial Audit Report are as under:**

**Auditors Observations**

*"Second Proviso of Section 149(1) of the Companies Act, 2013 read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 in respect of appointment of woman director from 01-04-2023 to 11-02-2024. However, w.e.f. 12-02-2024, Ms.Nayonika Dutta was appointed on the Board of Directors of the Company."*

**Management's Comments**

This is a statement of fact.

As per the provisions of Article 117 of its Articles of Association of the Company, AI Assets Holding Limited in consultation with the Government of India shall control the composition of the Board of Directors of the Company.

There is no woman director appointed on the Board from 01-04-2023 to 11-02-2024. The matter was taken up with the Ministry of Civil Aviation through AI Assets Holding Limited.

Since, the appointment was awaited during the aforementioned period, therefore, the provisions of Section 149 could not be complied with.

## 25. LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

## 26. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO

The particulars as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 in respect of conservation of energy and technology absorption are given below:

**(A) Conservation of energy-**

The management is highly conscious of the criticality of the conservation of energy at all operational levels particularly of aviation turbine fuel which is leading source of energy for aviation activity. Adequate measures are taken to reduce energy consumption whenever possible by using energy efficient equipment and technology infusion. These measures among other includes maintenance of engine and airframe, flight planning, training to operational staff, regular analysis etc.

**(B) Technology absorption-**

**(i) the efforts made towards technology absorption**. -No new IT project has been implemented during the FY 2023-24. However, in house Employees Portal was created for employee data, Form 16 and Salary slip disbursal. Breath Analyser Software developed and handed over to Medical for selection of random employee for tests as per DGCA regulation.

**(ii) the benefits derived like product improvement, cost reduction, product development or import substitution**. -SAP infrastructure was created for Green Field implementation for year 2023 onwards as S4H and old legacy SAP infrastructure was created to populate old data sliced from Air India SAP system. The same was integrated with AAAL IT Network infrastructure through secure VPN tunnels for access. Remotely 49+ airports are managed from Alliance Bhawan without any IT engineer at site at these airports. This results in saving of approx 01 Crore annually.

**(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-**

(a) the details of technology imported: Aircraft Communication Addressing and Reporting System (ACARS).

(b) the year of import: 2021-2022

(c) whether the technology been fully absorbed: the technology is partially implemented and expected to be implemented by 2025-26 fully. Its operational and flight tracking is carried out as per DGCA CAR. However, there are further 28 VHF (very high frequency) stations in India in the pipeline for deployment for the remaining of 2025-26.

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and: It's as per Project Delivery timelines and some part of implementation is pending due to regulatory approvals that have been applied for.

(**iv**) **the expenditure incurred on Research and Development.:** None

### (C) Foreign Exchange Earnings and Outgo

| Particulars | | Current Year 2023-24 (Rs. in Crore) | Previous Year 2022-23 (Rs. in Crore) |
|---|---|---|---|
| **A.** | **Expenditure on Imports (CIF) during the year ended 31st March, 2024** | | |
| | - Aircraft Spares Parts & Tools | **35.75** | 33.39 |
| | - Capital Items-Ground Support Equipment Airframe Rotables and Aero Engg. Rotables | **Nil** | 18.18 |
| **B.** | **Expenditure on Consumption during the year ended 31st March, 2024** | | |
| | - Imported Spares & Components | **28.30** | 21.15 |
| | - Indigenous Spares | **Nil** | Nil |
| **C.** | **Earnings in Foreign Currency** | | |
| | - Interline Revenue | **12.43** | 2.51 |
| **D.** | **Expenditure in Foreign Currency** | | |
| | - Aircraft Lease & Maintenance Charges | **502.89** | 394.63 |
| | - Purchase of Stores & Equipment | **35.75** | 51.57 |
| | - Technical Literature | **3.80** | 3.10 |
| | - Training & travelling | **0.19** | 0.11 |
| | - Legal charges | **Nil** | 0.25 |
| | - Fuel & Landing/Parking | **4.38** | 4.23 |
| | - PSS related | **1.46** | 1.37 |

## 27. DEPOSITS

The Company has not accepted any deposits during the year.

## 28. MSE COMPLIANCE

It always has been the endeavor of AAAL to support Micro and Small Enterprises (MSEs) and local suppliers. AAAL has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2023-24 was Rs.12.29 Crore.

## 29. SIGNIFICANT & MATERIAL ORDERS

During the financial year 2023-24, no significant and material orders were passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## 30. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The provisions of Section 135 of Companies Act, 2013 relating to Corporate Social Responsibility is not applicable to the Company as the Company has not earned any profits during the financial year 2023-24.

## 31. COMPLIANCE WITH THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013

The details of Sexual Harassment cases reported in the Company during the financial year 2023-2024, are as under: -

i. Complaints of Sexual Harassment received during the relevant year -Nil.

ii. Number of cases pending for more than ninety days- Nil.

iii. Number of workshops or awareness programmes carried out in connection with sexual harassment: 01

General awareness programmes are normally conducted periodically. Besides this, Do's and Don'ts prohibit of Sexual Harassment Posters were also displayed at all work places.

iv. Remedial measures taken by the Company:

In line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, an Internal Complaints Committee (ICC) has been set up to deal with the complaints and also spread awareness in the organization.

## 32. CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of appointment of Independent Directors on the Board.

The report on Corporate Governance in compliance of the provisions of Companies Act, 2013 and DPE guidelines on Corporate Governance issued by the Department of Public Enterprises, Government of India is annexed at **Annexure A.**

## 33. RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management
- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

## 34. ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act of the Companies Act, 2013, a copy of your Annual Return for the year ended 31st March, 2024 will be hosted on the website of the Company at https://allianceair.in/financials.

## 35. DECLARATION OF INDEPENDENCE

AAAL is a wholly-owned subsidiary of AI Assets Holding Limited. As per the provisions of Article 117 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than twelve all of whom shall be appointed by AI Assets Holding Limited, who in turn can do so subject to the directions of the Government of India.

## 36. MANAGEMENT

**DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)**

(i) The following changes have occurred in the constitution of Directors and KMP of the Company during the financial year 2023-24:-

| Sr. No. | Name | Designation | Date of Appointment | Date of Cessation | Mode of Cessation |
|---|---|---|---|---|---|
| 1. | Shri Satyendra Kumar Mishra | Chairman & Nominee Director | 01-03-2023 | 31-12-2023 | Ceased to Chairman & Director |
| 2. | Shri Asangba Chuba Ao | Chairman | 29-02-2024 | 11-03-2025 | Ceased to Chairman |
| 3. | Smt. Nayonika Dutta | Nominee Director | 12-02-2024 | - | - |

(ii) The following changes have occurred in the constitution of Directors and KMP of the Company after the end of the financial year 2023-24 and up to the date of the Report:

| Sr. No | Name | Designation | Date of Appointment | Date of Cessation | Mode of Cessation |
|---|---|---|---|---|---|
| 1. | Shri Pranjol Chandra | Nominee Director | 11-02-2022 | 13-12-2024 | Ceased to Director |
| 2. | Shri Brajesh Kumar Srivastava | Nominee Director | 18-01-2023 | 28-03-2025 | Ceased to Director |
| 3. | Shri Amit Kumar* | Nominee Director & Chairman | 13-03-2025 | - | - |
| 4. | Shri Rohit Raj** | Nominee Director | 18-03-2025 | - | - |
| 5. | Shri Vineet Sood | Chief Executive Officer | 31-07-2021 | 21-09-2024 | Ceased to Chief Executive Officer |
| 6. | Shri Rambabu Ch. | Chief Executive Officer (Addl. Charge) | 21-09-2024 | 07-05-2025 | Ceased to Chief Executive Officer |
| 7. | Shri Rajarshi Sen | Chief Executive Officer | 07-05-2025 | - | |
| 8. | Shri Ambar Kumar Mondal | Chief Financial Officer | 26-07-2019 | 31 -07-2024 | Ceased to Chief Financial Officer |

| Sr. No | Name | Designation | Date of Appointment | Date of Cessation | Mode of Cessation |
|---|---|---|---|---|---|
| 9. | Shri Amit Mishra | Chief Financial Officer | 31-01-2025 | - | - |
| 10. | Smt. Shilpa Bhatia | Company Secretary | 14-01-2022 | - | - |

**In terms of the Order issued by the Ministry of Civil Aviation (MoCA) vide File No. A.V.17015/02/2015-AI dated 11-03-2025, Shri Amit Kumar was appointed as Chairman and Managing Director (CMD) of AI Assets Holding Limited (AIAHL)w.e.f the date of his assumption of charge of the post till the date of his superannuation i.e. 30-06-2027, or until further order, whichever is earlier. However, his appointment on the Board of Alliance Air Aviation Limited as Nominee Director became effective from the date of obtaining his Director Identification Number (DIN) i.e.13-03-2025.*

***In terms of the Office Memorandum issued by the Ministry of Civil Aviation (MoCA) vide File No. A.V.17046/56/2019 -AI dated 13-12-2024, Shri Rohit Raj was nominated on the Board of Alliance Air Aviation Limited w.e.f 13-12-2024. However, his appointment as Nominee Director became effective from the date of obtaining his Director Identification Number i.e. 18-03-2025.*

## 37. PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUALS

As per the Notification dated 5th June, 2015 of the Ministry of Corporate Affairs, the provisions of Section 134(3) (p) of the Companies Act, 2013 shall not apply in case the Directors are evaluated by the Ministry, which is administratively in charge of the Company as per its own evaluation methodology. Alliance Air Aviation Limited, being a Government Company, the performance evaluation is carried by the MOCA, Government of India, as per the applicable Government guidelines.

## 38. POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

Alliance Air Aviation Limited, being a Government Company, is exempted to furnish information under Section 134 (3) (e) of the Companies Act, 2013 as per the Notification dated 5th June, 2015 of the Ministry of Corporate Affairs.

## 39. PARTICULARS OF EMPLOYEES

Alliance Air Aviation Limited, being a Government Company, its Directors are appointed / nominated by the Government of India as per the Government / DPE Guidelines which also include fixation of pay criteria, determining qualifications and other matters.

As per the Ministry of Corporate Affairs exemption Notification dated 5th June, 2015, the provisions of Section 134(3)(e) are not applicable to a Government Company. Consequently, the details on Company's policy on Directors' appointment as specified in Section 178 (3) are not provided.

Similarly, disclosure of the ratio of the remuneration of each Director to the median employee's remuneration and other such details including the statement showing the names and other particulars of every employee of the Company, who, was in receipt of remuneration in excess of the limits set out in the rules, are not provided.

## 40. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the Financial Year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached as **Annexure B.**

## 41. REPORTING OF FRAUDS BY AUDITORS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder. However, the Company has received whistle blower complaint in June 2024 which highlighted several instances of breaches of internal controls and override of the internal control by officers of the Company, which are under investigation by the vigilance department.

## 42. INTERNAL CONTROL SYSTEMS

The Company internal control systems are designed to ensure operational efficiency, accuracy and promptness in financial reporting and compliance with laws and regulations. The internal control system is supported by an internal audit process for reviewing the adequacy and efficiency of the internal controls, including its systems and processes and compliance with regulations and procedures. Internal Audit Reports are discussed with the management and are reviewed by the Audit Committee of the Board, which also reviews the adequacy and effectiveness of the internal controls.

## 43. DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

## 44. DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE-TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS

During the year under review, there has been no one time settlement of Loans taken from Banks and Financial Institutions.

## 45. MAINTENANCE OF COST RECORDS

During the period under review, the provision of section 148 of the Companies Act, 2013 relating to maintenance of cost records does not applicable to the Company.

## 46. ACKNOWLEDGEMENTS

The Board sincerely appreciates the Company's valued customers in India and abroad for using the services of Company and looks forward to their continued support and confidence.

The Board also gratefully acknowledges the support and guidance received from AI Assets Holding Limited, the Bureau of Civil Aviation Security, the Ministry of Civil Aviation and various Ministries of the Government of India, to the Company's operations and development plans. The Board expresses their grateful thanks also to the DGCA, the Comptroller and Auditor General of India, the Ministry of Corporate Affairs, the Statutory Auditors, Secretarial Auditors, Internal Auditors, Airports Authority of India, other Govt. Departments, airlines and agents.

**For and on behalf of the Board**

Sd/-
**Amit Kumar**
**Chairman**

**Place: New Delhi**
**Date: 25-07-2025**

# Management Discussion & Analysis Report

## ANALYSIS OF FINANCIAL PERFORMANCE

### Revenue

The total revenue during the financial year 2023-24 was Rs. 962.55 Crore compared to Rs. 1,104.96 Crore in the financial year 2022-23.

### Expenditure

The total expenditure during the financial year 2023-24 was Rs 1,582.11 Crore compared to Rs. 1,670.73 Crore in the financial year 2022-23.

## HUMAN RESOURCES

### Staff Strength

As on 31st March, 2024, AAAL had 882 employees on Fixed Term Employment Agreement basis. In addition, there were 04 employees on deputation from AIESL and 05 employees on deputation from Indian Air Force. The Industrial Relation scene remained peaceful during the period 1st April, 2023 to 31st March, 2024.

## FLEET POSITION

As on 31st March, 2024, aircraft available in AAAL fleet are as under:

| AIRCRAFT | MSN | TYPE |
|---|---|---|
| VT-AII | 1197 | ATR 72-212A |
| VT-AIT | 1226 | ATR 72-212A |
| VT-AIU | 1246 | ATR 72-212A |
| VT-AIV | 1252 | ATR 72-212A |
| VT-AIW | 1272 | ATR 72-212A |
| VT-AIX | 1268 | ATR 72-212A |
| VT-AIY | 1273 | ATR 72-212A |
| VT-AIZ | 1279 | ATR 72-212A |
| VT-RKC | 1381 | ATR 72-212A |
| VT-RKD | 1383 | ATR 72-212A |
| VT-RKE | 1421 | ATR 72-212A |
| VT-RKF | 1423 | ATR 72-212A |
| VT-RKG | 1427 | ATR 72-212A |
| VT-RKH | 1434 | ATR 72-212A |
| VT-RKJ | 1439 | ATR 72-212A |
| VT-RKK | 1445 | ATR 72-212A |
| VT-RKL | 1456 | ATR 72-212A |
| VT-RKM | 1463 | ATR 72-212A |
| VT-UDA | 1608 | ATR 42-500(600 version) |
| VT-UDB | 1609 | ATR 42-500(600 version) |
| VT-KNP | 4130 | Do 228-4130 |

## ON TIME PERFORMANCE AND Technical DISPATCH RELIABILITY

i) Aircraft on time performance during the financial year 2023-24 was as under:

| On Time performance (OTP) | |
|---|---|
| **Period** | **OTP** |
| FY 2023-24 | 70.00 % |

ii) Aircraft technical dispatch reliability during the financial year 2023-24 as compared to previous year was as under:

| Aircraft Type | Period | Technical Dispatch Reliability |
|---|---|---|
| ATR 72-600 | FY 2022-23 | 99.06% |
| ATR 42-500 | | 99.38% |
| Do-228 | | 99.13% |
| ATR 72-600 | FY 2023-24 | 98.70% |
| ATR 42-500 | | 99.57% |
| Do-228 | | 99.30 % |

## AIRCRAFT UTILIZATION

Aircraft utilization during the financial year 2023-24 was as under:

| Financial Year | Flying Hrs. Utilization | Block Hrs. Utilization |
|---|---|---|
| 2023-24 | 39451:57 | 49523:49 |

## MARKETING INITIATIVES

Performance during the financial year 2023-24 was as under:

No. of Stations: 59

Average Departures per day: 101

**Revenue Performance**

(Rs. in Million)

| Month | Revenue Passengers | Passenger Revenue, EBT, Mail, Cargo | RCS + VGF (Revenue) | Charter Revenue | Other Revenue | Total Operating Revenue |
|---|---|---|---|---|---|---|
| April-2023 | 136655 | 476.08 | 281.35 | 2.70 | 27.42 | 787.56 |
| May-2023 | 178649 | 649.38 | 282.59 | 6.17 | 37.73 | 975.87 |
| June-2023 | 139527 | 508.66 | 272.69 | 0.83 | 37.11 | 819.29 |
| July-2023 | 121786 | 393.27 | 275.78 | 9.95 | 35.39 | 714.40 |
| August-2023 | 124445 | 406.95 | 288.20 | 1.18 | 29.92 | 726.25 |
| September-2023 | 119010 | 426.73 | 259.11 | 2.57 | 31.95 | 720.36 |
| October-2023 | 128249 | 484.21 | 249.44 | 5.81 | 36.68 | 776.12 |
| November-2023 | 120840 | 458.00 | 248.37 | 24.60 | 30.66 | 761.63 |

| | | | | | | (Rs. in Million) |
|---|---|---|---|---|---|---|
| **Month** | **Revenue Passengers** | **Passenger Revenue, EBT, Mail, Cargo** | **RCS + VGF (Revenue)** | **Charter Revenue** | **Other Revenue** | **Total Operating Revenue** |
| December-2023 | 129460 | 528.33 | 254.96 | 17.34 | 41.00 | 841.63 |
| January-2024 | 132585 | 477.28 | 262.96 | 5.29 | 34.20 | 779.72 |
| February-2024 | 129636 | 478.17 | 264.79 | 4.73 | 35.20 | 782.89 |
| March-2024 | 142074 | 444.39 | 297.13 | 13.04 | 107.38 | 861.93 |
| Total | 1602916 | 5,731.44 | 3,237.36 | 94.21 | 484.64 | 9,547.66 |

**Physical Statistics**

| **Month** | **Estimated Seat Capacity** | **% Seat Factor** | **OTP** | **Total Number of Departures** |
|---|---|---|---|---|
| April-2023 | 196966 | 69.38% | 79% | 3447 |
| May-2023 | 223013 | 80.19% | 69% | 3778 |
| June-2023 | 190507 | 73.24% | 61% | 3233 |
| July-2023 | 178310 | 68.30% | 77% | 3043 |
| August-2023 | 178672 | 69.65% | 73% | 2997 |
| September-2023 | 173991 | 68.40% | 72% | 2980 |
| October-2023 | 179774 | 71.17% | 74% | 3061 |
| November-2023 | 166286 | 72.67% | 68% | 2833 |
| December-2023 | 168480 | 76.84% | 58% | 2888 |
| January-2024 | 165545 | 80.09% | 72% | 2815 |
| February-2024 | 164492 | 78.81% | 71% | 2764 |
| March-2024 | 181750 | 78.17% | 77% | 3076 |
| **Total** | **2168579** | **73.91%** | **70%** | **36915** |

**New Routes introduced in FY 2023-24**

| **Route** | **Flight Type** | **Frequency** |
|---|---|---|
| Bhubaneswar/ Rourkela | RCS | 1,2,3,4,5,6,7 |
| Rourkela/ Bhubaneswar | RCS | 1,2,3,4,5,6,7 |
| Kullu / Amritsar | RCS | 1,3,5,7 |
| Amritsar / Kullu | RCS | 1,3,5,7 |
| Bengaluru / Salem | RCS | 1,2,3,4,5,6,7 |
| Salem/ Kochi | RCS | 1,3,4,5,6,7 |
| Kochi/ Salem | RCS | 1,3,4,5,6,7 |
| Salem / Bengaluru | RCS | 1,2,3,4,5,6,7 |
| Dehradun/ Ayodhya | VGF | 1,3,5 |
| Ayodhya/ Dehradun | VGF | 1,3,5 |
| Dehradun/ Pant Nagar | VGF | 2,4,6 |

| Route | Flight Type | Frequency |
|---|---|---|
| Pant Nagar / Varanasi | VGF | 2,4,6 |
| Varanasi/ Pant Nagar | VGF | 2,4,6 |
| Pant Nagar/ Dehradun | VGF | 2,4,6 |
| Amritsar / Dehradun | VGF | 2,4,6 |
| Dehradun / Amritsar | VGF | 2,4,6 |
| Delhi/ Bilaspur | VGF | 3,6 |
| Bilaspur / Delhi | VGF | 1,5,6 |
| Kolkata / Bilaspur | VGF | 2,4 |
| Bilaspur / Kolkata | VGF | 2,4 |
| Jabalpur / Jagdalpur | VGF | 1,5 |
| Jagdalpur / Jabalpur | VGF | 3 |
| Bhubaneswar/ Rourkela | RCS | 1,2,3,4,5,6,7 |
| Rourkela/ Bhubaneswar | RCS | 1,2,3,4,5,6,7 |
| Kullu / Amritsar | RCS | 1,3,5,7 |
| Amritsar / Kullu | RCS | 1,3,5,7 |
| Bengaluru / Salem | RCS | 1,2,3,4,5,6,7 |
| Salem/ Kochi | RCS | 1,3,4,5,6,7 |
| Kochi/ Salem | RCS | 1,3,4,5,6,7 |
| Salem / Bengaluru | RCS | 1,2,3,4,5,6,7 |
| Dehradun/ Ayodhya | VGF | 1,3,5 |

**ACHIEVEMENTS**

- As of 31st March 2024, Alliance Air has now 819 agents onboard for direct sales across our network following the disinvestment from Air India in Year 2022.
- RK Swamy has been hired as our social media service provider post-disinvestment to establish airline presence in the social media world.
- Alliance Air operated a flight with an all-women crew to celebrate International Women's Day.
- Agents have been regionally distributed and allocated to the Sales Team to cover airline entire network across India and Sri Lanka.
- Alliance Air was the official flying partner for the MTB cycle race in Shimla, held from 21st April to 23rd April 2023.
- Regular promotional sales have been organized across the entire Alliance Air network.
- A Productivity Linked Bonus (PLB) was introduced from 8th July 2023 to 7th October 2023 to enhance agents' productivity.
- Various schemes have been launched to promote the North East sectors.
- State Tourism Boards have been approached to promote Alliance Air.
- An additional backend incentive was provided to the top 15 agents on selected flights and sectors from 1st August 2023 to 10th August 2023 to increase flight loads.

- A special initiative was launched in the North East sector to promote the Ziro Festival.
- Alliance Air celebrated Swachata Abhiyaan and Gandhi Jayanti on 2nd October 2023.
- A Cut and Pay incentive was introduced on tickets sold across the network for sale and travel up to 28th October 2023.
- The airline successfully completed 200 flights from Chennai to Jaffna.
- The Safety Department celebrated its 10th anniversary of excellence.
- Alliance Air proudly partnered with the MICE event in Sri Lanka from 30th November to 3rd December 2023.
- Marketing efforts to promote the North East sectors included placing standees at all seven North East Bhawans in Delhi for increased visibility.
- We participated in Wings India and showcased our airline's strengths.
- The airline signed a Memorandum of Understanding (MoU) with Pawan Hans for interline connectivity.
- Alliance Air signed an MoU with the Haryana government to launch new routes from Hisar.
- Alliance Air participated in Wings India 2024, organized by FICCI in Hyderabad from 18th January to 21st January 2024.
- The airline offered PLB scheme to the top 15 agents and three agents from each region (Delhi, Hyderabad, Chennai, Bengaluru, Kolkata, and Mumbai) from 15th January 2024 to 30th April 2024 to boost sales during the lean season.
- Alliance Air participated in SATTE 2024 with State Tourism Boards and Travel agents.
- The airline participated in the TAFI meet 2024 at Park Hotel, New Delhi.
- The Kolkata team participated in the TAAI meet held in Kolkata.
- The airline participated in the Yatra Big Travel Fest from 7th March to 18th March 2024.
- Alliance Air took part in the Cleartrip Mega Sale event from 13th March to 22nd March 2024.
- Specially priced fares have been offered on specific routes, making travel more affordable for passengers looking to fly to these destinations.

**AWARDS**

Alliance Air won Wings India 2024 award for best airline under Regional Connectivity.

**FARES DURING FY 2023-24**

The airline offered reasonable market prices throughout the period of 2023-2024, considering various factors including:

**Seasonal Variations:** Prices were adjusted based on the time of year to reflect demand fluctuations. Peak travel seasons such as holidays and summer vacations typically saw higher prices, while off-peak seasons offered more competitive rates.

**Flight Frequency:** Ticket prices were influenced by the frequency of flights on particular routes.

**Direct / Indirect Routes:** Pricing was also dependent on whether the route was direct or required layovers.

**Competitor Fares:** The airline continuously monitored competitor pricing to ensure their fares remained attractive to customers.

**Viability Gap Funding (VGF) / Regional Connectivity Scheme (RCS) Sectors:** Special pricing strategies were implemented for routes subsidized under the VGF and RCS initiatives to enhance connectivity and make air travel more affordable in underserved regions.

## PROMOTIONAL SCHEMES

- Regular promotional sales were offered – Start of Summer Sale, Summer Sale, Monsoon Sale, End of Season Sale, Independence Day Sale, Pre festive Sale, End of Month Sale, Festive Sale, Winter Sale, End of Year Sale, Republic Day Sale, February Sale, Summer Vacation Sale and Holi Sale
- Attractive cut and pay incentives, along with a PLB scheme, were offered. These incentives aimed to motivate travel agents to increase their sales and performance.
- Group Fares were offered in the market. This strategy aimed to increase the customer base and fill more seats on flights, benefiting both Alliance Air and the travellers

## PASSENGER COMPLAINTS RESOLUTION

Proactive complaints resolution was undertaken during the financial year 2023-24:

| Quarter | Complaints Received | Complaints Closed |
|---|---|---|
| Q1 | 141 | 141 |
| Q2 | 103 | 103 |
| Q3 | 137 | 137 |
| Q4 | 175 | 175 |
| **FY 2023-2024** | **556** | **556** |

## ENGINEERING INITIATIVES

**Various economy measures adopted and achievements made thereon highlighting the specific items / areas, quantifying the amounts so saved.**

- GMSA reconciliation carried out with M/s ATR and we received a credit note of approx. 2.1 Million USD (INR 17.5 Cr.) of total billing.
- Optimized Aircraft maintenance programme.
- Alliance Air STAC policy inclusion in AIESL MOE.
- Approval for ATR 42- A Check upto 5000 FH/15000 FC/2 Years including out of phase tasks, modifications, Structural Inspection at Delhi Base.
- Approval of ATR 72 – C Check at Delhi Base.
- Reduced TAT on scheduled maintenance to get more availability of the fleet.
- Streamlined the technical procurement & logistics section, to ensure right material, right place at right time.

**A brief note on Engineering and Maintenance including Bases, new shops, major works, outstations;**

- No. of Night Halt Bases–06 (Delhi, Hyderabad, Kolkata, Mumbai, Bangalore, Guwahati).
- Rotable spares (Fire extinguishers, Oxygen bottles, Batteries, SSCVR, SSFDR, ELT, wheels assy, brakes etc.) of AAAL are being serviced at AIESL and other approved shops across Delhi, Hyderabad, Kolkata and Mumbai.

**Details of Engineering Services provided to other Airlines/Organization and Engineer's Training Programme:**

As per the signed Master Service Agreement between AIESL and AAAL, AIESL will provide regular engineering training to the AAAL staff and AIESL Staff deputed to AAAL.

**Plan for 2024-25 with special reference to aircraft utilisation, availability of Engineers, new routes/services, utilisation of facilities etc. and also plan for fleet expansion.**

- In Dornier project, another aircraft VT-KNQ induction is awaited due for captain issue.
- We are in process to expend our aircraft utilization.

## FLIGHT SAFETY

The Company has independent Flight Safety department, which functions as per the DGCA requirements in proactive manner. Under proactive function, the Flight Safety Department does FDMA (Flight Data Monitoring and Analysis) which require continuous monitoring of flight data i.e., of SSFDR & CVR and internal Safety audit of the base station as well as safety inspection of line stations, airfield inspection, spot checks and ramp inspection.

Total 89 incidents were reported in the FY 2023-2024, out of which 48 cases were investigated by the Permanent Investigation Board (PIB) of the company with DGCA. Left 37 occurrences were not considered significant for PIB by O/o DAS (NR), but internal investigation conducted by Flight Safety, Alliance Air. All PIB cases addressed and closed. Rest 04 cases are under investigation by DGCA is as following:-

i. 01 case of VT-AIY related to TA/RA dated 17.05.2023 is under investigation by DGCA.

ii. 01 case of VT-RKM at Mumbai dated 03.07.2023 is under investigation by DGCA.

iii. 01 case of Runway Incursion at Delhi airport on 23.11.2023 is under investigation by DGCA.

iv. 01 case open due to strip report of Engine 2 Oil low pressure dated 18.03.2024 is under investigation by DGCA.

Total 13 Bird hit/strike occurrences were reported in the financial year 2023-2024 & NIL damage was observed on the aircraft. The respective aerodrome authorities as well as DGCA were informed about these occurrences for corrective measures.

To ensure safety of aircraft following measures are taken up by Flight Safety Department: -

i. Internal audit of base station (Delhi) & Safety audit of 23 Line station were carried out as per approved audit plan 2023-2024.

ii. FDMA trends on quarterly basis are being shared with Training Department for Amber & Red values to emphasise during Training session.

iii. As per FDAP program crew were timely cautioned, advised and counselled for Red exceedances.

iv. SAG (Safety action group) meeting is being conducted every month & employees are encouraged to submit Voluntary report. Total 63 voluntary reports were received and closed during 2023-2024.

v. Load and trim sheet of respective fleets are being monitored on monthly basis and spot checks of the Line stations are being performed as per CAR.

vi. The recommendations by Permanent Investigation Board are circulated to the concerned departments for necessary action & compliance.

vii. In house SRM/SRBM are conducted (quarterly) in the month of July (2023), October (2023), March (2024) & May (2024).

viii. In financial year 2023-2024, Flight Safety department has organised the following IATA trainings.

- IOSA Auditor training conducted from 22nd to 25th May 2023.
- Safety Risk Management training conducted from 29th to 31st May 2023.
- IATA Train the Trainer training conducted from 25th to 27th Oct 2023.
- IATA Ops Risk Management training conducted from 20th to 24th Nov 2023.
- IATA Aviation Lead Auditor Training conducted from 11th to 13th March 2024.

ix. In financial year 2023-2024, Flight Safety department has organised the IOSA familiarization Training from 14th to 15th March 2024 for Alliance Air employees as nominated by respective department

**OPERATIONS**

**A brief note on the steps taken to reduce the expenditure on Aviation Fuel. Measures taken for shortening of flights routes, optimization of flights, improving flight technique/ maintenance and savings affected may also be indicated.**

**Measures taken for Fuel Saving by the Operations Department:**

1. Computerized Flight Plan (CFP) is being issued for all Alliance Air flights. CFP optimizes the Flight Level enabling flying to destinations based on the actual wind, trip distance and actual weight of the aircraft, as a result the overall fuel consumption is reduced.

2. CFP also avoids carriage of extra fuel and gives higher payload especially on RTOW restricted runways. This is due to the prediction made on the exact fuel required.

3. Descent speed for all Alliance Air flights (ATR 72-600 aircraft) has been revised resulting in fuel saving and cost saving. This change also helps flight crew to have stabilized approaches over airfields.

4. Alternates are selected in such a way that they are at minimum distance from destination station. Therefore the block fuel requirement decreases, which enables carrying of higher pay load.

5. Concept of Fuel Tankering is being utilized and fuel tankering circular is being issued monthly by Operations Department. Close coordination is being done between Operations and Finance Department to ensure accurate, updated and revised fuel prices at every station depending on whether the sector is being operated as a commercial flight or RCS flight.

6. Ground cooling unit is being used at selected metro stations wherever available instead of Hotel Mode thereby reducing fuel consumption.

7. Pilots are encouraged to conduct straight in approach/ visual approach as much possible which reduce the track miles travelled by the aircraft.

8. Single Engine Taxi post landing is being followed by Alliance Air cockpit crew.

9. Continuous Descent Technique from top of descent is encouraged to cockpit crew instead of level of segments which aids in fuel saving. It also helps in noise abatement regulations.

10. Alliance Air has received RNP approach approval from DGCA to operate to airfields with lower minima. This assists the pilots to fly on efficient trajectories on final approach/accurate lateral guidance in approach/vertical guidance in final approach. This approach also enhances safety levels of Alliance Air flights.

**Aircraft type-wise number of Pilots trained as Commander and Co-Pilots with training flying hours and change in training pattern, if any.**

**No. of Pilots trained as Commanders & Co Pilots (2023-2024)**

| | No. of Pilots Trained/Upgraded (ATR 72-600) | | | | | |
|---|---|---|---|---|---|---|
| | P1 (Including Transition Captains and PIC Upgrade) | P2 | DEs | TRIs | SFIs | LTCs |
| **Total Pilots** | 23 | 13 | 02 | 02 | 0 | 05 |

**No. of Pilots trained as Commanders & Co Pilots (2023-2024)**

| | No. of Pilots Trained/Upgraded (Do-228) | | | | | |
|---|---|---|---|---|---|---|
| | P1 (Including Transition Captains) | P2 | DEs | TRIs | SFIs | LTCs |
| **Total Pilots** | | 3 | - | - | - | 0 |

**Number of performance/ technical/endorsement refresher courses/ training conducted along with the number of participants-Pilots/Cabin Crew etc.**

| S. No. | Type of Training | Number of P1 | Number of P2 |
|---|---|---|---|
| 1 | Extended Refresher Training | 5 | 2 |
| 2 | Joint CRM Training | 54 | 45 |
| 3 | Online Recurrent Ground Training | 74 | 72 |
| 4 | Fire Smoke Door Drill Training | 29 | 52 |
| 5 | Recurrent LTC Ground Training | 4 | |
| 6 | Recurrent DGR Training | 30 | 53 |
| 7 | Corrective CRM Training | 3 | 5 |
| 8 | Initial DGR Training | 12 | 25 |
| 9 | Refresher Ground Training | - | 2 |
| 10 | Recurrent TRI Ground Training | 1 | - |
| 11 | OCC With Extended Refresher Training | 8 | 10 |
| 12 | PIC Upgrade Ground Training | | 9 |

| S. No. | Type of Training | Number of P1 | Number of P2 |
|---|---|---|---|
| 13 | Corrective Ground Training | 4 | 4 |
| 14 | Initial LTC Upgrade Ground Training | 2 | - |
| 15 | SFI Ground Training | 1 | - |
| 16 | TRI Upgrade Ground Training | 2 | - |
| 17 | DO-228 PIC Upgrade Ground Training | - | 1 |
| 18 | OCC With ATR 72-500 To ATR 72-600 | - | 5 |
| 19 | Initial CRM Training | 6 | 12 |
| 20 | Do-228 Recurrent Extended Refresher Training | 2 | 4 |
| 21 | Offline Recurrent Ground Training | 3 | 5 |

**Details of Simulator Training imparted (2023-24)**

**Simulator Training Details**

| S. No. | Simulator Training Details | Consolidated details No. of hours for P1 and P2 |
|---|---|---|
| 1 | April, 2023 | 203:00 |
| 2 | May, 2023 | 335:45 |
| 3 | June, 2023 | 191:00 |
| 4 | July, 2023 | 222:30 |
| 5 | August, 2023 | 104:15 |
| 6 | September, 2023 | 183:15 |
| 7 | October, 2023 | 215:00 |
| 8 | November ,2023 | 224:15 |
| 9 | December, 2023 | 131:30 |
| 10 | January, 2024 | 229:15 |
| 11 | February, 2024 | 248:15 |
| 12 | March, 2024 | 241:00 |

**FUEL TANKERING**

Aircraft fuel cost at each station differs due to variation of local taxes at the station. In order to reduce expenditure on fuel- upliftment, it is healthier practice to uplift extra fuel from the station where the cost of ATF is lower. This depends on the payload factor (Under load condition) & Regulated Landing Weight (RLW) / Regulated Take-Off Weight (RTOW) limits. Weather & payload are other variables that lead to extra consumption of fuel on a particular flight.

***Presently, Alliance Air is carrying out fuel tankering on monthly basis on an average on 60 AAAL sectors. Based on the fuel price difference, sectors for fuel tankering are finalized by the Operations Department.***

**VARIOUS ECONOMY MEASURES ADOPTED AND ACHIEVEMENTS MADE THEREON HIGHLIGHTING THE SPECIFIC ITEMS/AREAS, QUANTIFYING THE AMOUNT SO SAVED**

**The key economic measures adopted by the Operation Department are as below:-**

- Fuel/Energy conservation related measure: Fuel Tankering is being closely monitored and fuel tankering circulars are issued periodically.

- Crew availability/utilization is planned and monitored in an optimal manner.
- Trainings for cockpit crew and cabin crew are conducted in a way such that minimum crew movement is involved.
- Pilot support is extended to client airlines on a contracted amount as a revenue generating initiative.
- All Expat pilots are joining AAAL on FTEA on terms and conditions same as Indian Contract.
- Crew transport is being clubbed on all routes reducing the vehicle usage; this has considerably lowered the transport cost to the company.
- Optimum utilization of cockpit crew across bases for smooth transition of flight operations.
- Monitoring of SOD movement for flight operations and training purposes. SOD /ACM are planned on 9I flights to the extent possible as a cost saving measure.
- Permanent posting of cockpit and cabin crew to make bases independent and avoid extra expenditure on hotel and SOD.
- Meetings/counseling/briefing/interviews are being conducted through WebEx/video conferences to reduce the cost incurred on SOD/Transport/Hotac/meals. This is also a time saving measure.
- Full support is extended to the Marketing/Network Planning and other related departments for charter operations at all times. Any revenue generating opportunity by the organization is encouraged.
- AAAL utilizes its in-house L&T instructors for imparting Trainings. Load and Trim Trainings, both Basic and Recurrent Trainings are conducted for ground handling agencies on a fixed amount per candidate. Such training are billed to the vendor which either get revenue or are adjusted in reducing the outstanding dues of the company as per the terms of MoU.
- AVSEC trainings are conducted at respective bases to avoid crew movement, hotac and the time involved in travelling.
- AirlineType Rating Programme (ATRP): Alliance Air introduced ATRP in June 2019. On an average around 25 co-pilots out of 70 will be trained under this programme. 25 pilots @ 25 lakh per candidate will generate approx Rs.6.25 Crore through the programe.
- Online Trainings for cockpit crew/cabin crew/despatchers are planned in terms of Reccurent/ Refresher as per approval recieved from DGCA.
- Trainings are being counducted for other airline pilots and cabin crew, this is helping Alliance Air in generating additional revenue. AAAL trainers are being used for simulator training of other organizations which is generating additional revenue.
- A Bond is being taken from pilots undergoing command upgrade to ensure their continuous services to the airline post upgradation.
- Post Resignation, Exit Formalities are followed-up stringently for recovery of LD/UPGRADE/LTC bond amount. Departmental clearance is given on recovery of recoverable amount and return of Company property.

## GOING CONCERN

The Company is a wholly owned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational.

The Company has taken various measures to improve its operational efficiencies and cost control measures.

The total fleet of Company stands at 21 aircraft as on 31st March 2024. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, especially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India.

Alliance Air has also entered the agreement with different State Governments to operate the aircraft to connect the states with major cities under VGF scheme namely Uttrakhand, Odisha, Lakshadweep, Daman & Diu, Himachal & Chhattisgarh.

The Company has emerged as one of the major player in the Government of India's premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 165. Out of allotted routes, the Company operated 115 routes as on 31st March 2024 (previous year 101 routes).

Further, Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April 2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air received in principal approval from Ministry of Finance dated 20th April 2023 towards financial support of Rs. 600 Crore. As per approval, both the tranches of Rs. 600 Crore have been released to Alliance Air, Rs. 300 Crore on 26th June 2023 and Rs. 300 Crore on 16th February 2024 as equity infusion from AIAHL.

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2024-25 and thereafter further consolidating the gains.

Since the Company expects improvement in Operational and Financial Performances and the company has support from the government of India to make the company fully operational, hence the financial statements of the company have been prepared on the "Going Concern" basis despite having accumulated losses and net-worth being eroded.

## RISK MITIGATION STRATEGIES

The Company continuously monitors the risk perceptions and takes preventive action for mitigation of risks on various fronts.

## INTERNAL CONTROL SYSTEMS

The Company had appointed M/s Thakur Vaidyanath Aiyar & Co., Chartered Accountants, New Delhi as Internal Auditors for the financial year 2023-24 to carry out various internal audit assignments such as Tax compliance, risk assessment & mitigation, strengthening internal control process etc.

# FORM MR-3

## SECRETARIAL AUDIT REPORT

**(For the Financial Year ended 31st March, 2024)**

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
**Alliance Air Aviation Limited**
CIN: U51101DL1983GOI016518
Alliance Bhawan Domestic Terminal-1,
IGI Airport, New Delhi-110037

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices byAlliance Air Aviation Limited**(**hereinafter called **"the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on verification of the Company's books, papers, minute books, forms, returns filed and other records maintained by the company, information provided by the Company, its officers (including RTA), agents and authorized representatives, electronic records available in the official portal of the Ministry of Corporate Affairs www.mca.gov.in, representation made by the Management, we hereby report that in our opinion, the company has, during the audit period covering financial year ended on **31st March 2024**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed, the official portal of the ministry of corporate affairs (MCA) etc. and other records maintained by the company for the financial year ended on **31st March 2024,** according to the applicable provisions of:

i) The Companies Act, 2013 (**the Act**) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the rules made thereunder; **(the Company being unlisted Company, the Provisions is not applicable**)

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings (**not applicable to the Company during the audit period**)

v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992, **(the Company being an unlisted Company, the following regulations are not applicable)**

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;

e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993;

f. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulation, 2021.

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;

h. The Securities and Exchange Board of India (Buy-back of Securities) Regulations 2018;

i. The Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015;

j. The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

vi) The Management has confirmed that the following laws specifically applicable to the Company are duly complied.

a. Aircraft Act, 1934 and the Rules made thereunder

b. Carriage by Act 1972 and the Rules made thereunder

c. Airport Authority of India Act, 1994

d. The Aircraft (Carriage of Dangerous Goods) Rules, 2003 and the Rules made thereunder

e. The Civil Aviation Requirements issued by Directorate General of Civil Aviation

f. The Aircraft (Security) Rules, 2011

g. International Conventions

h. Tokyo Convention Act, 1975

i. Anti-Hijacking Act 1982/1994

j. Suppression of Unlawful acts against Safety of Civil Aviation Act, 1982/1994

k. Airports Economic Regulatory Authority of India Act, 2008

We have also examined compliance of the applicable clauses of the Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India;

**We report that** during the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards etc. mentioned above, *except the following:*

*Second Proviso of Section 149(1) of the Companies Act, 2013 read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014 in respect of appointment of woman director from 01-04-2023 to 11-02-2024. However, w.e.f. 12-02-2024, Ms. Nayonika Dutta was appointed on the Board of Directors of the Company.*

**We also report that** during the Financial Year 2023-24, the Company made a right issue in compliance with Section 62 of the Companies Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014 and issued 6,00,00,000 equity shares of Rs.100/- each. Subsequently, the paid-up share capital of the Company increased to Rs.1002.25 Crore.

**We further report that:**

(i) The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors including Women Independent Directors. Changes in the composition of the Board of Directors that took place during the year under review, were carried out in compliance with the provisions of the Act;

(ii) Adequate notice is given to all Directors to convene the Board Meetings; agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

(iii) All the decisions of the Board and Committees thereof were carried through with requisite majority.

**We further report that** based on review of the compliance mechanism established by the Company, we are of the opinion that there are adequate systems and processes in place in the Company which are commensurate with its size and operations, to monitor and ensure compliance with the applicable Laws, Rules, Regulations and Guidelines.

**We further report that** during the financial year under review; no event has occurred having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.,

**For T. Chatterjee & Associates**
**Practising Company Secretaries**
**FRN No. - P2007WB067100**

Sd/-
**Sumana Subhash Mitra**
**Partner**
**ACS:43291**
**COP: 22915**
**UDIN:A043291G0008262505**
**Peer Review No.908/2020**

**Place: New Delhi**
**Date: 25-07-2025**

**This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.**

**'Annexure A'**

**To**
**The Members,**
**Alliance Air Aviation Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the Guidance Notes on ICSI Auditing Standard, audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
5. The Secretarial Audit is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Sd/-
**Sumana Subhash Mitra**
**Partner**
**ACS:43291**
**COP: 22915**
**UDIN: A043291G0008262505**
**Peer Review No.908/2020**

**Place: New Delhi**
**Date: 25-07-2025**

**Annexure A**

# Report on Corporate Governance

The Report on the Corporate Governance for the financial year 2023-24 in compliance of provisions of the Companies Act, 2013 and DPE Guidelines issued by the Department of Public Enterprises, Government of India is given as below:

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

The Company firmly believes in and has consistently practiced good Corporate Governance. The Company's essential character is shaped by the values of transparency, professionalism and accountability. The Company is committed to attain the highest standard of Corporate Governance. The philosophy of the Company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

## 2. BOARD OF DIRECTORS

Alliance Air Aviation Limited (AAAL) is a Public Sector Undertaking and a wholly-owned subsidiary of AI Assets Holding Limited (AIAHL). Its Directors are appointed by the Holding Company in consultation with the Government of India. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than twelve.

**Composition of Board as on 31st March, 2024:**

| S. No. | Name of Director | Designation |
|---|---|---|
| 1. | Shri Asangba Chuba Ao (Refer Note 1)<br>Joint Secretary, DT Division, Ministry of Civil Aviation | Chairman & Nominee Director |
| 2. | Shri Pranjol Chandra<br>Director, Ministry of Civil Aviation | Nominee Director |
| 3. | Shri Brajesh Kumar Srivastava<br>Deputy Secretary, Ministry of Civil Aviation | Nominee Director |
| 4. | Smt. Nayonika Dutta (Refer Note 2)<br>Joint Director, Ministry of Civil Aviation | Nominee Director |

Note:

1. *The Ministry of Civil Aviation, vide Order No. 17046/56/2019-AI dated 26-02-2024, assigned the additional charge of Chairman and Managing Director (CMD), AI Assets Holding Limited (AIAHL), to Shri Asangba Chuba Ao, Joint Secretary, MoCA, for a period of three months with effect from 01-01-2024, or until the appointment of a regular CMD, AIAHL, whichever is earlier, vice Shri Satyendra Kumar Mishra. Accordingly, Shri Satyendra Kumar Mishra ceased to be the Nominee Director and Chairman of the Board of AAAL with effect from 31-12-2023.*

   *The Board placed on record its appreciation of the valuable services rendered by Shri Satyendra Kumar Mishra during his tenure as Chairman of the Company.*

   *The Board, vide Circular Resolution No. APP. 26 dated 29-02-2024, nominated and elected Shri Asangba Chuba Ao, as the Chairman on the Board of AAAL w.e.f. 29-02-2024 and till any further instruction from the MoCA/Holding Company.*

2. *Considering the requirement for a woman Director on the Boards of AIAHL subsidiaries, interalia AAAL, and to ensure that quorum is available for the functioning of the Board, the Ministry of Civil Aviation (MoCA), vide its Office Memorandum dated 08-02-2024, reconstituted the Board of AAAL. Accordingly, Smt. Nayonika Dutta, Joint Director, Ministry of Civil Aviation, was nominated on the Board of AAAL with effect from 08-02-2024. However, her appointment as Nominee Director became effective from the date of obtaining her Director Identification Number, i.e. 12-02-2024.*

During the year, all meetings of the Board were chaired by the Chairman.

## 3. BOARD PROCEDURE

The meetings of the Board of Directors were generally held at the registered office of the Company, New Delhi via Video Conferencing (VC)/ physical mode or at the Corporate office of the Holding Company. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings is prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend inclusion of any matter in the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to Committees of the Board set up for the purpose.

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

**Board Meetings:**

Nine Board Meetings were held during the financial year 2023-24 on the following dates:-

14th June, 2023 (181st Meeting)

20th June, 2023 (182nd Meeting)

27th June, 2023 (183rd Meeting)

23rd August, 2023 (184th Meeting)

22nd September, 2023 (185thMeeting)

15th January, 2024 (186th Meeting)

12th February 2024 (187th Meeting)

17th February 2024 (188th Meeting)

22nd March 2024 (189th Meeting)

**Particulars of Directors including their attendance at the Board/Shareholders' meetings during the financial year 2023-24:**

| Name of the Director | Academic Qualifications | Attendance Particulars | | |
|---|---|---|---|---|
| | | No. of Board Meetings | | Last AGM Attended |
| | | Held | Attended | |
| Shri S. K. Mishra<br>Chairman & Managing Director, AI Assets Holding Limited<br><br>Chairman<br>(From 01-03-2023 to 31-12-2023) | M. Tech (Applied Geology)<br>M.A. (Public Policy), IRS (IT:1990) | 9 (Eligible to attend 5 Meetings Only) | 5 | Yes |
| Shri Asangba Chuba Ao<br>Joint Secretary, DT Division, Ministry of Civil Aviation<br><br>Director & Chairman<br>(Director w.e.f 18-01-2023 till date & Chairman w.e.f 29-02-2024 to 11-03-2025) | MA (Eng Litt.) & MA (Public Administration) | 9 | 9 | Yes |
| Shri Pranjol Chandra<br>Director, Ministry of Civil Aviation<br><br>Director<br>(from 11-02-2022 to 13-12-2024) | B.E. Mechanical | 9 | 7 | Yes |
| Shri Brajesh Kumar Srivastava<br>Deputy Secretary, Ministry of Civil Aviation<br><br>Director<br>(from 18-01-2023 to 28-03-2025) | Post Graduate | 9 | 9 | Yes |
| Smt. Nayonika Dutta<br>Joint Director, Ministry of Civil Aviation<br><br>Director<br>(from 12-02-2024 to till date) | Masters Degree in Economics | 9 (Eligible to attend 3 Meetings Only) | 3 | No |

**Directorships and Memberships of Board Committees**

Details of Directorships and memberships in the various committees as held by the Directors of the Company are as under:

| Name of the Director | Details of Directorships held in other Companies excluding AAAL | Memberships held in Committees as on 31st March, 2024 |
|---|---|---|
| Shri S. K. Mishra<br>Chairman & Managing Director, AI Assets Holding Limited<br><br>Chairman<br>(From 01-03-2023 to 31-12-2023) | **Chairman & Managing Director**<br>AI Assets Holding Limited w.e.f 01-03-2023<br><br>**Chairman**<br>AI Airport Services Limited w.e.f 01-03-2023<br>AI Engineering Services Limited w.e.f 01-03-2023<br>Hotel Corporation of India Limited w.e.f 01-03-2023<br><br>**Director**<br>AI Airport Services Limited w.e.f. 02-02-2017<br>AI Engineering Services Limited w.e.f. 02-02-2017<br>AI Assets Holding Limited w.e.f 22-01-2018 | **Alliance Air Aviation Limited**<br>**Chairman**<br>HR Committee<br>Flight Safety Committee<br><br>**Member**<br>Audit Committee<br><br>**AI Airport Services Limited**<br>Chairman<br>Corporate Social Responsibility Committee<br><br>Member<br>Audit Committee<br><br>**AI Engineering Services Limited**<br>Chairman<br>Corporate Social Responsibility Committee<br><br>Member<br>Audit Committee<br><br>**AI Assets Holding Limited**<br>Chairman<br>Nomination & Remuneration Committee<br><br>Member<br>Audit Committee |

| Name of the Director | Details of Directorships held in other Companies excluding AAAL | Memberships held in Committees as on 31st March, 2024 |
|---|---|---|
| Shri Asangba Chuba Ao<br>Joint Secretary, DT Division, Ministry of Civil Aviation<br><br>Director & Chairman (Director w.e.f 18-01-2023 till date & Chairman w.e.f 29-02-2024 to 11-03-2025) | **Chairman & Managing Director**<br>AI Assets Holding Limited w.e.f 01-01-2024<br><br>**Chairman**<br>AI Airport Services Limited w.e.f 01-01-2024<br>AI Engineering Services Limited w.e.f 01-01-2024<br>Hotel Corporation of India Limited w.e.f 05-03-2024<br><br>**Director**<br>Rohini Heliport Limited<br>Pawan Hans Limited<br>AI Assets Holding Limited<br>AI Airport Services Limited<br>AI Engineering Services Limited | **Alliance Air Aviation Limited**<br>**Chairman**<br>Audit Committee till 28.02.2024<br>HR Committee w.e.f. 29.02.2024<br>Flight Safety Committee w.e.f. 29.02.2024<br><br>**Member**<br>Audit Committee w.e.f. 29.02.2024<br>HR Committee till 28.02.2024<br>Flight Safety Committee till 28.02.2024<br><br>**AI Airport Services Limited**<br>**Chairman**<br>Corporate Social Responsibility Committee<br><br>**Member**<br>Audit Committee<br><br>**AI Engineering Services Limited**<br>**Chairman**<br>Corporate Social Responsibility Committee<br><br>**Member**<br>Audit Committee<br><br>**AI Assets Holding Limited**<br>**Member**<br>Stakeholder Relationship Committee & Nomination & Remuneration Committee<br><br>**Pawan Hans Ltd**<br>**Member**<br>Nomination & Remuneration Committee |

| Name of the Director | Details of Directorships held in other Companies excluding AAAL | Memberships held in Committees as on 31st March, 2024 |
|---|---|---|
| Shri Pranjol Chandra<br>Director, Ministry of Civil Aviation<br><br>Director<br>(Appointed as Director w.e.f 11-02-2022) | **Director**<br>Hotel Corporation of India Ltd. (HCI) | **Alliance Air Aviation Limited**<br>**Chairman**<br>Audit Committee w.e.f 29.02.2024<br><br>**Member**<br>Audit Committee till 29.02.2024<br>HR Committee<br>Flight Safety Committee<br><br>**Hotel Corporation of India Ltd**<br>**Member**<br>Audit Committee |
| Shri Brajesh Kumar Srivastava<br>Deputy Secretary, Ministry of Civil Aviation<br><br>Director<br>(from 18-01-2023 to 28-03-2025) | **Director**<br>Hotel Corporation of India Limited (HCI) | **Alliance Air Aviation Limited**<br>**Member**<br>Audit Committee<br>HR Committee<br>Flight Safety Committee<br><br>**Hotel Corporation of India Ltd**<br>**Member**<br>Audit Committee |
| Smt. Nayonika Dutta<br>Joint Director, Ministry of Civil Aviation<br><br>Director<br>(from 12-02-2024 to till date) | **Director**<br>AI Engineering Services Limited<br>AI Airport Services Limited | **Alliance Air Aviation Limited**<br>**Member**<br>Audit Committee<br>HR Committee<br>Flight Safety Committee |

## 4. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

## 5. AUDIT COMMITTEE

As part of the Corporate Governance process and in compliance with the provisions of the Companies Act, 2013 and DPE Guidelines, the Audit Committee of the Board has been constituted.

As on 31st March, 2024, the following were the members of the Audit Committee:

| | |
|---|---|
| Shri Pranjol Chandra | Chairman |
| Shri Asangba Chuba Ao | Member |
| Shri Brajesh Kumar Srivastava | Member |
| Smt. Nayonika Dutta | Member |

The terms of reference of the Audit Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor's independence and performance and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the Financial Statements and the Auditors' Report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters;
- To consider any other matter as desired by the Board.

The Audit Committee met five times during the year to review various issues including inter- alia Annual Accounts of the Company for the year before submission to the Board, on the following dates:

14th June, 2023 (31st Meeting)

23rd August, 2023 (32nd Meeting)

22nd September, 2023 (33rd Meeting)

15th January, 2024 (34th Meeting)

22nd March, 2024 (35th Meeting)

**Attendance at the Audit Committee Meetings:**

| Name of the Member | No. of meetings attended |
|---|---|
| Shri Satyendra Kumar Mishra | 3* |
| Shri Asangba Chuba Ao | 5 |
| Shri Pranjol Chandra | 5 |
| Shri Brajesh Kumar Srivastava | 5 |
| Smt. Nayonika Dutta | 1** |

*Eligible for attending three meetings only.

**Eligible for attending one meeting only.

## 6. GENERAL MEETINGS DURING THE LAST THREE YEARS

The details of General Meetings of the Company, held during the last three financial years are given below:

| AGM/EGM | Date and time of the Meeting | Venue |
|---|---|---|
| 38th Annual General Meeting | 12th November, 2021 At 1130 Hours | Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037 |
| Extra Ordinary General Meeting | 27thJanuary, 2022 At 12 Noon | Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037 |
| 39th Annual General Meeting | 30th December, 2022 At 1100 Hours | Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037 |
| 40th Annual General Meeting | 22nd September, 2023 At 1315 Hours | Alliance Bhawan, Domestic Terminal-I, IGI Airport, New Delhi-110037 |

M/s Link Intime India Pvt Ltd having its address at C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400083, is the Registrar and Transfer Agent (RTA) of the Company.

## 7. DISCLOSURES AND STATUTORY COMPLIANCES

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters. The Company, based on self-evaluation, falls under 'Excellent' grade for the compliance of DPE Corporate Governance Guidelines for proceeding three financial years 2021-22, 2022-23 and 2023-24.

## 8. CEO/CFO DECLARATION

The Chief Executive Officer, Dy. Chief Financial Officer(o)* and Manager Finance* have certified in writing with respect to the truth and fairness of the financial statements, due compliances, and

financial reporting which was placed before the Board and Audit Committee and forms part of this report.

**(in the absence of CFO).*

## 9. CERTIFICATE FOR COMPLIANCE WITH CORPORATE GOVERNANCE GUIDELINES

This Report duly complies with the legal requirements in respect of data that should be disclosed in a Corporate Governance Report for FY 2023–24.

The Certificate obtained from a Practising Company Secretary regarding the compliance of the conditions on Corporate Governance forms part of this report.

**For and on behalf of the Board**

Sd/-
**Amit Kumar**
**Chairman**

**Place: New Delhi**
**Date : 25-07-2025**

# CODE OF CONDUCT

## DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31st March, 2024.

Sd/-
**Rajarshi Sen**
**Chief Executive Officer**
**Alliance Air Aviation Limited**

**Place: New Delhi**
**Date : 25-07-2025**

# DECLARATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

To,
The Board of Directors,
Alliance Air Aviation Limited,

We, Rambabu Ch., Chief Executive Officer, Nitish Bhardwaj, Deputy CFO(o)* and Gurvinder Singh, Manager Finance* of Alliance Air Aviation Limited (hereinafter "the Company"), do hereby certify that:

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:

   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

3. We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

   The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.

4. We indicate to the Auditors and to the Audit Committee:

   a) Significant changes in internal control over financial reporting during the year;

   b) Significant changes in accounting policies during the year;

5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2024.

   **(in the absence of CFO).*

For **Alliance Air Aviation Limited**

| Sd/- | Sd/- | Sd/- |
|---|---|---|
| **Rambabu Ch.** | **Nitish Bhardwaj** | **Gurvinder Singh** |
| **Chief Executive Officer** | **Deputy CFO(o)** | **Manager Finance** |
| PAN: AGVPC9371P | PAN: AVVPB 1799H | PAN: BCZPS0947L |

**Place: New Delhi**
**Date: 16-01-2025**

**CERTIFICATE ON COMPLIANCE OF CORPORATE GOVERNANCE AS PER CORPORATE GOVERNANCGUIDELINES ISSUED BY DEPARTMENT OF PUBLIC ENTERPRISES FOR THE YEAR ENDED 31ST MARCH 2024**

To
The Members
Alliance Air Aviation Limited
CIN: U51101DL1983GOI016518
Alliance Bhawan Domestic Terminal-1,
IGI Airport, New Delhi-110037

We have examined the relevant books, records and statements in connection to the compliance with the conditions of Corporate Governance of Alliance Air Aviation Limited, (hereinafter referred as the 'Company'), for the year ended on 31st March, 2024 as stipulated in "Guidelines on Corporate Governance Norms for Central Public Sector Enterprises, as enunciated by the Department of Public Enterprises (DPE).

The compliance of the conditions of the Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the complianceof the conditions of Corporate Governance as laid down in the guidelines. Our report/certification is neither an audit nor an expression of the opinion on the financial statements of the Company.

On the basis of our examination of the records produced, explanation and information furnished by the management of the Company, we certify that the Company has complied with the mandatory conditions of the Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs),2010 except that during the period 01-04-2023 to 11-02-2024, the company did not have a women director as required under the second proviso of Section 149(1) of the Companies Act, 2013 read with Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014. However, w.e.f. 12-02-2024, Ms.Nayonika Dutta was appointed on the Board of Directors of the Company.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency of the effectiveness with the management has conducted the affairs of the Company.

**For T. Chatterjee & Associates**
**Company Secretaries**
**FRN No.- P2007WB067100**

Sd/-
**CS Sumana Subhash Mitra**
**Partner**
**ACS:43291**
**COP: 22915**
**UDIN:A043291G000862474**
**Peer Review No. 908/2020**

**Place: New Delhi**
**Date: 25-07-2025**

## Annexure B to Directors' Report for the year 2023-24

**Form No. AOC-2(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

There were no contracts or arrangements or transactions entered during the year ended 31st March 2024, which were not at arm's length basis.

**2. Details of contracts or arrangements or transactions at arm's length basis.**

All contracts /arrangements/transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2023-24 were on an arm's length basis, in the ordinary course of business which were duly approved in the 181st Board Meeting held on 14th June, 2023. The details of contacts or arrangements or transactions at arm's length basis are as follows

| Name of Related Party and Nature of Relation | Nature of Transaction | Duration of transaction | Salient Terms of Transaction | (Amount in Rs. Crore) |
|---|---|---|---|---|
| AI Assets Holding Limited (AIAHL) (Holding Company) | **Expenditure** | 1st April 2023 - 31st March 2024 | Expenditure | |
| | Space Charges | | | 0.28 |
| | Interest | | | 241.21 |
| | **Total** | | | **241.49** |
| AI Engineering Services Ltd (AIESL) (Subsidiary of AI Assets Holding Limited) | **Expenditure** | 1st April 2023 - 31st March 2024 | Expenditure | |
| | Repair Other | | | 56.65 |
| | Manpower | | | 1.08 |
| | Interest | | | 21.08 |
| | **Total** | | | **78.81** |
| AI Airport Services Ltd. (AIASL) (Subsidiary of AI Assets Holding Limited) | **Expenditure** | 1st April 2023 - 31st March 2024 | Expenditure | |
| | Handling Charges | | | 31.27 |
| | Interest | | | 11.50 |
| | **Total** | | | **42.77** |
| | **Income** | | Income | |
| | SOD, Logo & Penalty raised by AAAL | | | 0.44 |
| | **Total** | | | **0.44** |

| | | | | |
|---|---|---|---|---|
| Hotel Corporation of India Limited (Subsidiary of AI Assets Holding Limited) | **Expenditure** | 1st April 2023-31st March 2024 | Expenditure | |
| | Hotel Accommodation | | | 0.35 |
| | **Total** | | | **0.35** |
| | **Income** | | Income | |
| | Logo Usage | | | 0.007 |
| | **Total** | | | **0.007** |

**For and on behalf of the Board**

Sd/-
**Amit Kumar**
**Chairman**

**Place: New Delhi**
**Date: 25-07-2025**

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF ALLIANCE AIR AVIATION LIMITED(AAAL) FOR THE YEAR ENDED 31 MARCH 2024

The preparation of Financial Statements of **Alliance Air Aviation Limited(AAAL)** for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statement under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 16 January 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statement of **Alliance Air Aviation Limited (AAAL)** for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the Statutory Auditor and Company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit, nothing significant has come to my knowledge which would give rise to my comment upon or supplement to statutory auditor's report under section 143(6)(b) of the Act.

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

Sd/-
**(Pramod Kumar)**
**Addl. Dy. CAG (infrastructure)**

**Place: New Delhi**
**Date: 02 April 2025**

# INDEPENDENT AUDITORS' REPORT

**To the Members of ALLIANCE AIR AVIATION LIMITED**

**Report on the Audit of IND AS Financial Statements**

**Qualified Opinion:**

We have audited the accompanying Ind AS financial statements of **ALLIANCE AIR AVIATION LIMITED** ("the Company" or "AAAL"), which comprise the Balance Sheet as at March 31 2024, and the statement of Profit and Loss, (Including other comprehensive income) for the year ended March 31 2024, Statement of Changes in Equity and Statement of Cash Flows for the year ended March 31 2024, and notes to the Ind AS financial statements, including material accounting policies and other explanatory information ("the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, subject to the basis of our qualified opinion mentioned below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its Loss and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date.

**Basis for Qualified Opinion:**

According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, this indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year. The opinion has been qualified based on the following findings:

a) In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). The whistleblower complaint revealed a fraudulent payment of ₹4.85 Million to an SAP vendor based on forged documents. The same was confirmed by the internal auditor's verification report dated 11.07.2024. An internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024 as well as to the vigilance department. This indicates deficiencies in the Company's controls over vendor payment authenticity and procurement processes. Additionally Whistleblower has also complained that Company has paid higher remuneration amounting to Rs.0.2 Millions to the erstwhile CFO of the Company for a period of 3 months effective from the month of January 2024 to March 2024. This excess remuneration was later on not approved by the Board of Directors. Accordingly, the amount has been shown as recoverable from the CFO in the books of accounts. We have been informed by the Company that an internal committee investigated the matter and submitted their report to the Vigilance department which is further investigating this matter. This indicates a material weakness in the Company's HR controls and approval processes for remuneration.

b) Internal control weaknesses regarding the maintenance and recording of the inventory:

i. AAAL used Air India's MMD module (RAMCO) for inventory management until the disinvestment of Air India. Post disinvestment from Air India Ltd, AAAL migrated to own inventory system Laminar from 18th May 2022 onwards. Inventory balances from RAMCO as of March 31 2022 were transferred to Laminar. Purchases and consumption entries from 2022-23 (up to September 2022) were interfaced to AAAL's SAP system since there was direct interface between RAMCO and SAP.

ii. Inventory was previously managed based on weighted average but switched to FIFO from 2023-24 onwards, subject to approval by competent authority on post-facto basis. Pursuant to a technical glitch in the MMD System (LAMINAAR) the system could not correlate ROE (Rate of Exchange) of USD value of the spare, due to which the actual INR figure could not be portrayed in the LAMINAAR system. Adjustments have been made in SAP to reflect accurate INR figures, impacting financial statements by Rs 10.00 million in 2023-24.

iii. AAAL conducted physical verification of inventory as on March 31 2024, using Laminaar system records. Discrepancies in physical stock led to a provision of Rs 170.07 million in the financial statements for FY 2023-24. A shortage of Rs 170.07 million was identified, prompting the formation of a committee to investigate causes. Company has planned to appoint an independent auditor to review the committee's findings, and necessary accounting actions will be taken in FY 2024-25 based on the report after arriving at final conclusion. There was an existing provision for shortage in inventory created during the year 2021-22 which was made subject to assessment of actual loss by the company.

There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during the year 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority.

iv. AAAL has plotted all the inventory purchased since inception in Laminaar and after considering the actual ROE, the month wise purchase and consumption has been arrived at, the net effect of which is Rs. 10.00 million pertaining to FY 22-23 which has been accounted as purchase in the FY 23-24. Since the amount is within the threshold limits of materiality as per the accounting policy of the company, hence the previous year accounts have not been restated. During the FY 23-24 there was No interface between SAP and LAMINAAR which is still pending to be implemented.

We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. However, as per the audit evidence obtained and by us and based on the test checks performed, the possible effects on the financial statements of undetected misstatements, if any could be material but not pervasive.

**Emphasis of Matter:**

1. We invite attention to Note No. 41 to the financial statements, wherein the Company addresses its

use of the going concern basis for the preparation of its financial statements. The Company has incurred net loss of Rs. 5,665.73 million in the previous financial year and has continued incurring losses amounting to Rs. 6,210.20 million in the current financial year ended March 31, 2024, and that the net worth of the company being fully eroded as of the year-end date, thereby giving rise to significant uncertainty regarding the Company's ability to continue as a going concern.

However, the Company has received financial support from its holding company, AI Assets Holding Limited, in the form of an equity infusion of Rs. 6000 million during the current financial year. This assistance, combined with other factors detailed in the note, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management.

2. We invite attention to note 33(a) wherein the company has stated that "A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises were on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 million. The necessary accounting for the same will be affected in FY 2024-25."

Our Opinion on the financial statements is not modified with respect of the above matters.

**Information other than the Ind AS Financial Statements and Auditors' Report thereon:**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditors' report thereon. The company's annual report is expected to be made available to us after the date of this auditor's report.

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

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Annual Report, 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 action as applicable under the relevant laws and regulations. We have not been provided annual report as on the date of signing the audit report.

When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance.

**Management and Board of Director's Responsibilities for the Ind AS Financial Statements:**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;

making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' Responsibilities for the Audit of the Ind AS Financial Statements**:

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

4. Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in:

(i) planning the scope of our audit work and in evaluating the results of our work; and

(ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

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

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

**Other Matters:**

The financial statements of the Company for the previous period from 1st April, 2022 to 31st March, 2023 were audited by the erstwhile statutory auditors and they have issued their audit report with unmodified opinion dated 14th June 2023. Accordingly, the figures and disclosures pertaining to the period from 1st April, 2022 to 31st March, 2023 included in these financial statements are based on the audited financial results and disclosures as certified by the erstwhile statutory auditors in their audit report dated14th June 2023.

**Report on Other Legal and Regulatory Requirements:**

1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "**Annexure B"**, on the directions and sub directions issued by the Comptroller and Auditor General of India.

3. **A.** As required by Section 143(3) of the Act, we report that:

    1. 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.

    2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the company has maintained daily backup of such books in electronic mode, in a server physically located in India except for the matters stated in the paragraph 3B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

    3. The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts.

    4. In our opinion, the aforesaid Ind AS financial statements comply with the Indian

Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

5. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act.

6. The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 3A(2) above on reporting under Section 143(3)(b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

7. The provisions of Section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015.

8. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**".

**B** With respect to the other matters to be included in the Auditors' 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:

a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 on contingent liabilities to the financial statements.

b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

d. (i) The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,

- Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or
- Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(ii) The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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.

(iii) Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e), as provided under d (i) and (ii) above, contain any material misstatement.

e. The Company has not declared any dividend during the current financial year ended March 31, 2024.

f. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023. Based on our examination which included test checks and in accordance with requirements of the Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:

(i) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes for the accounting software used by the company.

(ii) We are unable to comment if the audit trail (edit log) facility was enabled at the database layer to log any direct data changes for those softwares operated by a third party service provider and used for maintaining purchase orders in absence of independent auditor's report in relation to controls at the third party service provider.

(iii) Further, where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered with during the course of our audit.

(iv) The company uses software called Laminaar (MMD Software) in which data is extracted and uploaded in the SAP Accounting software for recording the consumption in books of accounts. The same is being done manually and that there is no direct interface between these two softwares. Hence the audit trail is limited to the extent the data is uploaded in SAP Software

**For Batliboi & Purohit,**
**Chartered Accountants**
**Firm Reg. No.:101048W**

Sd/-
**CA RAMAN HANGEKAR**
**Partner**
**Membership No. 30615**
**UDIN: 25030615BMOCNZ3297**

**Place: Mumbai**
**Date: 16-01-2025**

# Annexure "A" to the Independent Auditors' Report

**The Annexure A referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2024, we report that:**

Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of **ALLIANCE AIR AVIATION LIMITED**.

To the best of our information and according to the explanations provided to us by the Company and the books of accounts and the records examined by us in the normal course of audit, we state that:

(i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of use assets.

B) The Company has maintained proper records showing full particulars of intangible assets.

b) The Company conducts physical verification of the Property, Plant and Equipment on biennial basis. The physical verification of the property, plant and equipment was conducted in FY 2021-22. The company has conducted physical verification of the property, plant and equipment for the FY 2023-24 subsequent to the Financial Year but before the audit report is finalised.

c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company does not hold any immovable property. Hence the provisions of clause 3 (i) (c) of the order is not applicable to the company.

d) No proceedings have been initiated or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of1988) (as amended in 2016) and rules made thereunder.

(ii) a) The physical verification of inventories is done on biennial basis. During the FY 2023-24, inventories at Delhi, Kolkata and Hyderabad were verified by the management along with the Internal auditors of the company.

b) The total discrepancies observed were more than 10 percent in value, however the same have been properly dealt with in books of accounts. The shortages in inventory have been booked under consumption and Provision to that extent is created in the books of account. The same has been created based on the initial findings and pending investigation to be conducted by the management. Pending approval from the Competent Authority, a net provision amounting to Rs. 170.07 million, over and above the existing provision of Rs. 46.99 million (For FY 21-22) has been created in the current financial year for the shortages and that the same have been dealt properly. There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during FY 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. We state that we have not received any report for assessment of actual loss from the company for the shortages identified in the previous verifications. (Refer note no. 30 (b) forming part of Financial Statements).

c) The Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company.

(iii) The Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the order are not applicable to the Company.

(iv) There are no loans, investments and guarantees and security in respect of which provisions of sec 185 and 186 of the Companies Act,2013 are applicable and accordingly, the requirement to report on clause 3 (iv) of the order is not applicable to the company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company.

(vii) a) The Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues with appropriate authorities except TDS under Income Tax Act and TDS under GST Act.

Tax deducted at source (Under Income Tax Act and Goods and Service Tax Act) has not been deposited regularly. Under the Income Tax Act, An amount of Rs. 225.56 million for the months of July to November 2022 and Rs.168.82 for the month of April -23 to July 23 is outstanding for more than 6 months as on March 31, 2024, Whereas in case of Goods and Service Tax Act, Rs 2.39 million is outstanding for more than 6 months.

b) The details of statutory dues referred to in sub clause (a) above which have not been deposited as at March 31, 2024 on account of any dispute, are as follows:

| Name of the Statute | Nature of the dues | Amount (Rs. In Million) | Period | Forum where dispute is pending |
|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 22.57 | AY 2000-01 | ITAT, New Delhi |
| Income Tax Act, 1961 | Income Tax | 28.04 | AY 2004-05 | ITAT, New Delhi |
| Income Tax Act, 1961 | Income Tax | 766.86 | AY 2022-23 | CIT-Appeal (National Face less Assessment) |

(viii) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

(ix) a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. However, with respect to total loans amounting to Rs. 26,753.98 million availed from holding company AI Assets Holding Ltd., the terms and conditions and schedule of repayment thereon have not been stipulated and accordingly

we are unable to comment on the default in repayment of such loans. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.

b) The Company has not been declared wilful defaulter by any bank or financial institution or other lender.

c) No term loans have been taken by the Company. Therefore, the provisions of clause 3(ix) (c) of the order is not applicable to the Company.

d) The company have not utilized funds raised on short term basis for long term purpose. Therefore, provisions of the clause 3 (ix) (d) are not applicable to the company.

e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3 (ix) (e) are not applicable to the company.

f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.

(x) a) No moneys have been raised by way of initial public offer during the year by the Company. During the Year company has made right Issue of Equity Shares of 6,00,00,000 number of equity shares @100 having face value of Rs. 100/- each under the right issue scheme. Consequently, the issued & paid-up share capital of the Company stands increased to Rs. 10,022.50 million and the proceeds of Right issue has been used for the purpose for which they have been raised.

b) The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year.

(xi) a) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us and based on the complaint made by the whistleblower we would like to state that there might be instances of material fraud on the Company by its officers or employees noticed or reported during the year. Since the matters highlighted by the whistleblower are subjudice and under investigation, hence the actual fraud and its impact on the financial statements would be known upon conclusion of the investigation by the vigilance department.

b) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, a report under section 143(12) of the Act, in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government.

c) No whistleblower complaints were received by the Company during the year, but there was a complaint received post balance sheet date which highlighted several material instances of breaches of internal controls and override of the internal controls by officers of the Company, which are under investigation by the vigilance department.

(xii) The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company.

(xiii) All the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required under accounting standards as prescribed under section 133 of the Companies Act, 2013.

(xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business, but the same needs to be strengthened due to the various lapses highlighted by the whistleblower

(b) We have considered the internal audit reports of the Company issued till date for the period under audit.

(xv) The Company has not entered into any non-cash transactions with directors or persons connected with director. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and (b) of the Order is not applicable.

b) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

c) The Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable.

(xvii) The Company has incurred cash losses in the current Financial Year as well as in the immediately preceding Financial Year which are specified as below:

| **Particulars** (In millions) | **Current Year** | **Previous Year** |
|---|---|---|
| Net Profit after Tax and before Other Comprehensive Income | (6210.20) | (5665.73) |
| Add: Non-cash expenses: | | |
| a) Depreciation and amortization | 2729.07 | 2617.77 |
| b) Unrealized gain/ loss on foreign exchange | (138.42) | (285.88) |
| **Cash Loss during the year** | **(3619.55)** | **(3333.84)** |

(xviii) There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) of the order is not applicable.

(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the Board of Directors and management plans supported by the Government of India, nothing has come to our attention which causes us to believe that material uncertainty exists as on the date of the audit report indicating that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) a) In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx)(a) and (b) of the order are also not applicable to the Company.

(xxi) The company is not required to prepare consolidated financial statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the company.

**For Batliboi & Purohit,**
**Chartered Accountants**
**Firm Reg. No.:101048W**

Sd/-
**CA RAMAN HANGEKAR**
**Partner**
**Membership No. 30615**
**UDIN: 25030615BMOCNZ3297**

**Place: Mumbai**
**Date: 16-01-2025**

# Annexure - B to the Independent Auditors' Report

**Referred to in paragraph 2 under "Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended March 31 2024:**

| Sr. No | Direction u/s 143(5) of the Companies Act, 2013 | Auditor's Reply on Action taken on the directions | Impact on Financials |
|---|---|---|---|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing).<br>1. As per note no.30(b) read with 32 of the notes to accounts, the system is having a technical glitch which has eventually resulted into shortage in inventory being booked. The matter is subject to investigation. However, till then the provision to that extent is being created in the books for the current year since actual reason for shortage is pending to be investigated. Upon the conclusion of the investigation, there might be additional provision or write back of provision in the consumption.<br>2. We invite attention to note no.33 (b) of the financial statements where the Company has stated that there has been payment made to SAP vendor and excess remuneration paid to CFO respectively pursuant to complaint raised by the whistleblower. Both the matters are under investigation by the vigilance department. The excess remuneration paid to the CFO has been shown as recoverable from him. | **NIL** |

| Sr. No | Direction u/s 143(5) of the Companies Act, 2013 | Auditor's Reply on Action taken on the directions | Impact on Financials |
|---|---|---|---|
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company). | The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the Parent Company. As far as loan taken from the parent company is concerned, there is no restructuring of an existing loan or there is no waiver/write off of debts/loans/interest caused due to company's inability to continue as a going concern. | **NIL** |
| 3 | Whether funds (grants/subsidy etc.) received /receivable for specific schemes from Central/State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted/ utilized for in the books of accounts. | **NIL** |

**For Batliboi & Purohit,**
**Chartered Accountants**
**Firm Reg. No.:101048W**

Sd/-
**CA RAMAN HANGEKAR**
**Partner**
**Membership No. 30615**
**UDIN: 25030615BMOCNZ3297**

**Place: Mumbai**
**Date: 16-01-2025**

# Compliance Certificate

We have conducted the audit of accounts of **Alliance Air Aviation Limited** for the year ended 31st March, 2024 in accordance with the directions / sub-directions issued by the Comptroller & Auditor General of India under section 143 (5) of the Companies Act, 2013 and certify that we have complied with all the Directions / Sub-directions issued to us.

For **Batliboi & Purohit,**
**Chartered Accountants**
**FRN: 101048W**

Sd/-
**CA Raman Hangekar**
Partner
Membership No.: 030615
**UDIN: 25030615BMOCNZ3297**

Place: Mumbai
Date : 16-01-2025

# Annexure - C to the Independent Auditors' Report

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

We have audited the Internal Financial Controls over financial reporting of ALLIANCE AIR AVIATION LIMITED ("the Company") as of March 31 2024, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Managements and Board of Directors Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act

**Auditors' Responsibility:**

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

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

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

**Meaning of Internal Financial Controls Over Financial Reporting:**

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting:**

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

**Basis for Qualified Opinion:**

According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, a material weakness has been identified which indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year:

a) The audit of internal financial controls over financial reporting and review of the whistleblowers complaint have identified material weaknesses in the Company's procure-to-pay and HR processes. A whistleblower complaint revealed that a fraudulent payment was made to an SAP vendor based on forged documents, as confirmed by the internal auditor's verification report dated 11.07.2024. The internal committee formed by Company to investigate the matter has submitted its report to CEO and the vigilance department. Also, higher remuneration amounting to ₹ 0.21 Million was paid to the CFO for three months (January to March 2024) without Board approval, with the excess amount recorded as recoverable, pending investigation by the vigilance department. Furthermore, the compliant also revealed that contracts were awarded by the CFO to certain parties on a nomination basis, deviating from Central Vigilance Commission guidelines. These issues highlight significant control deficiencies in the Company's procurement and remuneration processes

b) The audit of the Company's internal financial controls over financial reporting identified material weaknesses in inventory management processes, including the lack of integration between the LAMINAAR inventory system and the SAP accounting system, which necessitates manual data uploads, increasing the risk of errors. A technical glitch in LAMINAAR caused incomplete recording of inventory transactions in the prior year, with corrections made in the current year without comprehensive reconciliation. Additionally, the transition from the previous RAMCO system to LAMINAAR in FY 2022-23 was inadequately monitored, with delays in physical verification and

reconciliation of inventory. Further, significant inventory shortages amounting to ₹46.99 million from prior periods and an additional ₹170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending. These weaknesses reflect deficiencies in the Company's controls over inventory accuracy and reconciliation processes.

The Company's internal financial control with regard to the whistleblower complaint and inventories as fully explained in the 'Basis for qualified opinion' of our main report, were not operating effectively, which could result in the Company not providing for adjustments, if any, that may be required to be made and its consequential impact on the financial statements.

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.

**Qualified Opinion:**

In our opinion, and to the best of our information and according to the explanations given to us, except for the matters stated in the basis for qualified opinion, the Company , in all material respects, needs to strengthen it's internal financial controls with reference to Ind AS financial statements and pending the investigation by the vigilance department we are not able to state that whether such internal financial controls were operating effectively as at 31 March 2024, , based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2024, and the material weakness has affected our opinion on the financial statements of the Company and we have issued a Qualified opinion on the financial statements.

**For Batliboi & Purohit,**
**Chartered Accountants**
**Firm Reg. No.:101048W**

Sd/-
**CA RAMAN HANGEKAR**
**Partner**
**Membership No. 30615**
**UDIN: 25030615BMOCNZ3297**

**Place: Mumbai**
**Date: 16-01-2025**

| INDEPENDENT AUDITORS' REPORT<br>To the Members of ALLIANCE AIR AVIATION LIMITED<br>Report on the Audit of IND AS Financial Statements | REPLIES to Auditor's Report |
|---|---|
| **Qualified Opinion:**<br>We have audited the accompanying Ind AS financial statements of **ALLIANCE AIR AVIATION LIMITED** ("the Company" or "AAAL"), which comprise the Balance Sheet as at March 31 2024, and the statement of Profit and Loss, (Including other comprehensive income) for the year ended March 31 2024, Statement of Changes in Equity and Statement of Cash Flows for the year ended March 31 2024, and notes to the Ind AS financial statements, including material accounting policies and other explanatory information ("the financial statements").<br>In our opinion and to the best of our information and according to the explanations given to us, subject to the basis of our qualified opinion mentioned below, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards ("Ind AS") specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2024, and its Loss and Other Comprehensive Income, Changes in Equity and its Cash Flows for the year ended on that date. | |
| **Basis for Qualified Opinion:**<br>According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, this indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year. The opinion has been qualified based on the following findings: | |

| | | |
|---|---|---|
| a) | In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). The whistleblower complaint revealed a fraudulent payment of ₹4.85 Million to an SAP vendor based on forged documents. The same was confirmed by the internal auditor's verification report dated 11.07.2024. An internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024 as well as to the vigilance department. This indicates deficiencies in the Company's controls over vendor payment authenticity and procurement processes. Additionally Whistleblower has also complained that Company has paid higher remuneration amounting to Rs.0.2 Millions to the erstwhile CFO of the Company for a period of 3 months effective from the month of January 2024 to March 2024. This excess remuneration was later on not approved by the Board of Directors. Accordingly, the amount has been shown as recoverable from the CFO in the books of accounts. We have been informed by the Company that an internal committee investigated the matter and submitted their report to the Vigilance department which is further investigating this matter. This indicates a material weakness in the Company's HR controls and approval processes for remuneration. | Suitable disclosure has been made in Note No. 33 (b) |
| b) | Internal control weaknesses regarding the maintenance and recording of the inventory:<br>i. AAAL used Air India's MMD module (RAMCO) for inventory management until the disinvestment of Air India. Post disinvestment from Air India Ltd, AAAL migrated to own inventory system Laminar from 18th May 2022 onwards. Inventory balances from RAMCO as of March 31 2022 were transferred to Laminar. Purchases and consumption entries from 2022-23 (up to September 2022) were interfaced to AAAL's SAP system since there was direct interface between RAMCO and SAP. | Suitable disclosure has been made in Note No. 30 (b) |

| | | |
|---|---|---|
| ii. | Inventory was previously managed based on weighted average but switched to FIFO from 2023-24 onwards, subject to approval by competent authority on post-facto basis. Pursuant to a technical glitch in the MMD System (LAMINAAR) the system could not correlate ROE (Rate of Exchange) of USD value of the spare, due to which the actual INR figure could not be portrayed in the LAMINAAR system. Adjustments have been made in SAP to reflect accurate INR figures, impacting financial statements by Rs 10.00 million in 2023-24. | Suitable disclosure has been made in Note No. 30 (b) |
| iii. | AAAL conducted physical verification of inventory as on March 31 2024, using Laminaar system records. Discrepancies in physical stock led to a provision of Rs 170.07 million in the financial statements for FY 2023-24. A shortage of Rs 170.07 million was identified, prompting the formation of a committee to investigate causes. Company has planned to appoint an independent auditor to review the committee's findings, and necessary accounting actions will be taken in FY 2024-25 based on the report after arriving at final conclusion. There was an existing provision for shortage in inventory created during the year 2021-22 which was made subject to assessment of actual loss by the company.<br><br>There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during the year 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. | Suitable disclosure has been made in Note No. 30 (b)<br><br>A Committee has been formed and the inventory verification report will be submitted to Auditors in FY 2024-25. |
| iv. | AAAL has plotted all the inventory purchased since inception in Laminaar and after considering the actual ROE, the month wise purchase and consumption has been arrived at, the net effect of which is Rs. 10.00 million pertaining to FY 22-23 which has been accounted as purchase in the FY 23-24. Since the amount is within the threshold limits of materiality as per the accounting policy of the company, hence the previous year accounts have not been restated. During the FY 23-24 there was No interface between SAP and LAMINAAR which is still pending to be implemented. | This is a statement of fact. |

| | |
|---|---|
| We conducted our audit in accordance with the Standards on Auditing ("SAs") specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditors' Responsibilities for the audit of the standalone financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. However, as per the audit evidence obtained and by us and based on the test checks performed, the possible effects on the financial statements of undetected misstatements, if any could be material but not pervasive. | |
| **Emphasis of Matter:**<br><br>1. We invite attention to Note No. 41 to the financial statements, wherein the Company addresses its use of the going concern basis for the preparation of its financial statements. The Company has incurred net loss of Rs. 5,665.73 million in the previous financial year and has continued incurring losses amounting to Rs. 6,210.20 million in the current financial year ended March 31, 2024, and that the net worth of the company being fully eroded as of the year-end date, thereby giving rise to significant uncertainty regarding the Company's ability to continue as a going concern.<br><br>However, the Company has received financial support from its holding company, AI Assets Holding Limited, in the form of an equity infusion of Rs. 6000 million during the current financial year. This assistance, combined with other factors detailed in the note, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management. | Suitable disclosure has been made in Note No. 41 |
| 2. We invite attention to note 33(a) wherein the company has stated that "A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises were on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx. Rs. 0.07 million. The necessary accounting for the same will be affected in FY 2024-25." | Suitable disclosure has been made in Note No. 33 (a) |

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|---|---|
| Our Opinion on the financial statements is not modified with respect of the above matters.<br><br>**Information other than the Ind AS Financial Statements and Auditors' Report thereon:**<br><br>The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the Ind AS financial statements and our auditors' report thereon. The company's annual report is expected to be made available to us after the date of this auditor's report.<br><br>Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.<br><br>In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.<br><br>When we read the Annual Report, 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 action as applicable under the relevant laws and regulations. We have not been provided annual report as on the date of signing the audit report.<br><br>When we read the annual report, if we conclude that there is a material misstatement therein, we will communicate the matter to those charged with governance. | |

**Management and Board of Director's Responsibilities for the Ind AS Financial Statements:**

The Company's Board of Directors are responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, statement of changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

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

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

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

| | |
|---|---|
| **Auditors' Responsibilities for the Audit of the Ind AS Financial Statements**:<br>Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 financial statements.<br>As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:<br>1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. | |
| 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls. | |
| 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management. | |

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| 4. | Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern. | |
| 5. | Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.<br><br>Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in:<br><br>(i) planning the scope of our audit work and in evaluating the results of our work; and<br><br>(ii) to evaluate the effect of any identified misstatements in the standalone financial statements.<br><br>We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.<br><br>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. | |

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| **Other Matters:**<br>The financial statements of the Company for the previous period from 1st April, 2022 to 31st March, 2023 were audited by the erstwhile statutory auditors and they have issued their audit report with unmodified opinion dated 14th June 2023. Accordingly, the figures and disclosures pertaining to the period from 1st April, 2022 to 31st March, 2023 included in these financial statements are based on the audited financial results and disclosures as certified by the erstwhile statutory auditors in their audit report dated14th June 2023. | |
| **Report on Other Legal and Regulatory Requirements:**<br>1. As required by the Companies (Auditors' Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "**Annexure A**" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. | |
| 2. We are enclosing our report in terms of Section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, in the "**Annexure B"**, on the directions and sub directions issued by the Comptroller and Auditor General of India. | |
| 3. **A.** As required by Section 143(3) of the Act, we report that:<br>1. 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. | |
| 2. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and the company has maintained daily backup of such books in electronic mode, in a server physically located in India except for the matters stated in the paragraph 3B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. | |
| 3. The Balance Sheet, the Statement of Profit and Loss (Including Other Comprehensive Income), Statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of accounts. | |

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| | 4. In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. | |
| | 5. On the basis of the written representations received from the directors as on March 31, 2024 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2024 from being appointed as a director in terms of Section 164 (2) of the Act. | |
| | 6. The modifications relating to the maintenance of accounts and other matters connected therewith are as stated in the paragraph 3A(2) above on reporting under Section 143(3) (b) of the Act and paragraph 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014. | |
| | 7. The provisions of Section 197 read with Schedule V of Companies Act 2013 relating to Managerial Remuneration are not applicable to the Company, being a Government Company in terms of MCA Notification no. G.S.R. 463(E) dated 5th June, 2015. | |
| | 8. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "**Annexure C**". | |
| **B.** | With respect to the other matters to be included in the Auditors' 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: | |
| | a. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 29 on contingent liabilities to the financial statements. | |
| | b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. | |
| | c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. | |

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| d. | (i) | The Management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall,<br>• Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or<br>• Provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries. | |
| | (ii) | The Management has represented, that, to the best of it's knowledge and belief, as disclosed in the notes to accounts, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, 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. | |
| | (iii) | Based on the audit procedures that has been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e), as provided under d (i) and (ii) above, contain any material misstatement. | |
| e. | | The Company has not declared any dividend during the current financial year ended March 31, 2024. | |

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| f. | Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company with effect from April 1, 2023. Based on our examination which included test checks and in accordance with requirements of the Implementation Guide on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014, except for the instances mentioned below, the Company has used accounting softwares for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective softwares:<br>(i) The feature of recording audit trail (edit log) facility was not enabled at the database layer to log any direct data changes for the accounting software used by the company. | |
| | (ii) We are unable to comment if the audit trail (edit log) facility was enabled at the database layer to log any direct data changes for those softwares operated by a third party service provider and used for maintaining purchase orders in absence of independent auditor's report in relation to controls at the third party service provider. | |
| | (iii) Further, where audit trail (edit log) facility was enabled and operated throughout the year, we did not come across any instance of audit trail feature being tampered with during the course of our audit. | |
| | (iv) The company uses software called Laminaar (MMD Software) in which data is extracted and uploaded in the SAP Accounting software for recording the consumption in books of accounts. The same is being done manually and that there is no direct interface between these two softwares. Hence the audit trail is limited to the extent the data is uploaded in SAP Software | |

| **The Annexure A referred to in Independent Auditors' Report to the members of the Company on the Ind AS financial statements for the year ended March 31, 2024, we report that:** | **Replies to Annexure-A of Auditor's Report** |
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| Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date to the members of **ALLIANCE AIR AVIATION LIMITED**.<br>To the best of our information and according to the explanations provided to us by the Company and the books of accounts and the records examined by us in the normal course of audit, we state that: | |
| (i) a) A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and relevant details of right-of use assets. | This is statement of fact. |
| B) The Company has maintained proper records showing full particulars of intangible assets. | This is statement of fact. |
| b) The Company conducts physical verification of the Property, Plant and Equipment on biennial basis. The physical verification of the property, plant and equipment was conducted in FY 2021-22. The company has conducted physical verification of the property, plant and equipment for the FY 2023-24 subsequent to the Financial Year but before the audit report is finalised. | Suitable disclosure has been made in Note no. 30 (a). |
| c) According to the information and explanation given to us and on the basis of our examination of the records of the company, the company does not hold any immovable property. Hence the provisions of clause 3 (i) (c) of the order is not applicable to the company. | This is statement of fact. |
| d) No proceedings have been initiated or are pending against the Company as at March 31, 2024 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of1988) (as amended in 2016) and rules made thereunder. | This is statement of fact. |
| (ii) a) The physical verification of inventories is done on biennial basis. During the FY 2023-24, inventories at Delhi, Kolkata and Hyderabad were verified by the management along with the Internal auditors of the company. | This is statement of fact. |

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| | b) | The total discrepancies observed were more than 10 percent in value, however the same have been properly dealt with in books of accounts. The shortages in inventory have been booked under consumption and Provision to that extent is created in the books of account. The same has been created based on the initial findings and pending investigation to be conducted by the management. Pending approval from the Competent Authority, a net provision amounting to Rs. 170.07 million, over and above the existing provision of Rs. 46.99 million (For FY 21-22) has been created in the current financial year for the shortages and that the same have been dealt properly. There is no progress in assessment of actual loss by the Company incurred on account of shortages observed during FY 2021-22. Hence the provision for expected losses on account of shortages reported in physical verification is still existing in the Financial Statements in absence of approval of actual loss from the competent authority. We state that we have not received any report for assessment of actual loss from the company for the shortages identified in the previous verifications. (Refer note no. 30 (b) forming part of Financial Statements). | Suitable disclosure has been made in Note No. 30 (b)<br><br>A Committee has been formed and the inventory verification report will be submitted to Auditors in FY 2024-25. |
| | c) | The Company has not been sanctioned any working capital limits, from any banks or financial institutions on the basis of security of current assets. Accordingly, the provisions of clause 3(ii)(b) of the order is not applicable to the Company. | This is statement of fact. |
| (iii) | | The Company has not made any investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, the provisions of clause 3 (iii) (a) to (f) of the order are not applicable to the Company. | This is statement of fact. |
| (iv) | | There are no loans, investments and guarantees and security in respect of which provisions of sec 185 and 186 of the Companies Act,2013 are applicable and accordingly, the requirement to report on clause 3 (iv) of the order is not applicable to the company. | This is statement of fact. |
| (v) | | The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company. | This is statement of fact. |
| (vi) | | The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Companies Act, 2013, for the services rendered by the Company. | This is statement of fact. |

<table>
<tr><td>(vii) a)</td><td>The Company is generally regular in depositing the undisputed statutory dues, including Goods and Service Tax, Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues with appropriate authorities except TDS under Income Tax Act and TDS under GST Act.<br><br>Tax deducted at source (Under Income Tax Act and Goods and Service Tax Act) has not been deposited regularly. Under the Income Tax Act, An amount of Rs. 225.56 million for the months of July to November 2022 and Rs.168.82 for the month of April -23 to July 23 is outstanding for more than 6 months as on March 31, 2024, Whereas in case of Goods and Service Tax Act, Rs 2.39 million is outstanding for more than 6 months.</td><td>This is statement of fact.</td></tr>
<tr><td></td><td>b) The details of statutory dues referred to in sub clause (a) above which have not been deposited as at March 31, 2024 on account of any dispute, are as follows:<br><br>
<table>
<tr><th>Name of the Statute</th><th>Nature of the dues</th><th>Amount (Rs. In Million)</th><th>Period</th><th>Forum where dispute is pending</th></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>22.57</td><td>AY 2000-01</td><td>ITAT, New Delhi</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>28.04</td><td>AY 2004-05</td><td>ITAT, New Delhi</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>766.86</td><td>AY 2022-23</td><td>CIT-Appeal (National Face less Assessment)</td></tr>
</table></td><td>This is statement of fact.</td></tr>
<tr><td colspan="2">(viii) The Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.</td><td>This is statement of fact.</td></tr>
<tr><td>(ix) a)</td><td>The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender. However, with respect to total loans amounting to Rs. 26,753.98 million availed from holding company AI Assets Holding Ltd., the terms and conditions and schedule of repayment thereon have not been stipulated and accordingly we are unable to comment on the default in repayment of such loans. Pending terms and conditions of repayment, this advance has been accounted as short-term borrowing.</td><td>This is statement of fact.</td></tr>
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| | b) | The Company has not been declared wilful defaulter by any bank or financial institution or other lender. | This is statement of fact. |
| | c) | No term loans have been taken by the Company. Therefore, the provisions of clause 3(ix)(c) of the order is not applicable to the Company. | This is statement of fact. |
| | d) | The company have not utilized funds raised on short term basis for long term purpose. Therefore, provisions of the clause 3 (ix) (d) are not applicable to the company. | This is statement of fact. |
| | e) | The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures. Therefore, the provisions of clause 3 (ix) (e) are not applicable to the company. | This is statement of fact. |
| | f) | The Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies. | This is statement of fact. |
| (x) | a) | No moneys have been raised by way of initial public offer during the year by the Company. During the Year company has made right Issue of Equity Shares of 6,00,00,000 number of equity shares @100 having face value of Rs. 100/- each under the right issue scheme. Consequently, the issued & paid-up share capital of the Company stands increased to Rs. 10,022.50 million and the proceeds of Right issue has been used for the purpose for which they have been raised. | This is statement of fact. |
| | b) | The Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. | This is statement of fact. |
| (xi) | a) | During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us and based on the complaint made by the whistleblower we would like to state that there might be instances of material fraud on the Company by its officers or employees noticed or reported during the year. Since the matters highlighted by the whistleblower are subjudice and under investigation, hence the actual fraud and its impact on the financial statements would be known upon conclusion of the investigation by the vigilance department. | This is a statement of Fact. |

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| | b) | During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India and according to the information and explanation given to us, a report under section 143(12) of the Act, in Form ADT-4 as prescribed under rule 13 of the Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. | |
| | c) | No whistleblower complaints were received by the Company during the year, but there was a complaint received post balance sheet date which highlighted several material instances of breaches of internal controls and override of the internal controls by officers of the Company, which are under investigation by the vigilance department. | This is statement of fact.<br>Suitable disclosure has been made in Note No. 33 (b) |
| (xii) | The Company is not a Nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the company. | | This is statement of fact. |
| (xiii) | All the transactions with the related parties are in compliance with sections 177 and 188 of the Act, where applicable and details of such transactions have been disclosed in the financial statements as required under accounting standards as prescribed under section 133 of the Companies Act, 2013. | | This is statement of fact.<br>Suitable disclosure has been made in Note No. 36. |
| (xiv) | (a) | The Company has an internal audit system commensurate with the size and nature of its business, but the same needs to be strengthened due to the various lapses highlighted by the whistleblower | This is statement of fact. |
| | (b) | We have considered the internal audit reports of the Company issued till date for the period under audit. | |
| (xv) | The Company has not entered into any non-cash transactions with directors or persons connected with director. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company. | | This is statement of fact. |
| (xvi) | a) | The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) and (b) of the Order is not applicable. | This is statement of fact. |
| | b) | The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable. | This is statement of fact. |
| | c) | The Group does not have any CIC. Accordingly, the requirements of clause 3(xvi)(d) are not applicable. | This is statement of fact. |

<table>
<tr>
<td>(xvii) The Company has incurred cash losses in the current Financial Year as well as in the immediately preceding Financial Year which are specified as below:
<table>
<tr><th>Particulars (In millions)</th><th>Current Year</th><th>Previous Year</th></tr>
<tr><td>Net Profit after Tax and before Other Comprehensive Income</td><td>(6210.20)</td><td>(5665.73)</td></tr>
<tr><td>Add: Non-cash expenses:</td><td></td><td></td></tr>
<tr><td>a) Depreciation and amortization</td><td>2729.07</td><td>2617.77</td></tr>
<tr><td>b) Unrealized gain/ loss on foreign exchange</td><td>(138.42)</td><td>(285.88)</td></tr>
<tr><td>Cash Loss during the year</td><td>(3619.55)</td><td>(3333.84)</td></tr>
</table>
</td>
<td>This is statement of fact.</td>
</tr>
<tr>
<td>(xviii) There has been no resignation of the statutory auditors during the year and accordingly clause 3(xviii) of the order is not applicable.</td>
<td>This is statement of fact.</td>
</tr>
<tr>
<td>(xix) On the basis of financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, and our knowledge of the Board of Directors and management plans supported by the Government of India, nothing has come to our attention which causes us to believe that material uncertainty exists as on the date of the audit report indicating that the company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.</td>
<td>This is statement of fact.<br><br>The Company being a wholly owned subsidiary of AI Assets Holding Ltd. (AIAHL) has full support from Government of India to make the Company fully operational, for which Ministry of Finance has already given financial support of Rs. 600 crores to Alliance Air in FY 2023-24.</td>
</tr>
<tr>
<td>(xx) a) In view of continuous losses incurred by the Company, the provisions of Section 135 are not applicable to the Company, accordingly the provisions of clause 3 (xx) (a) and (b) of the order are also not applicable to the Company.</td>
<td>This is statement of fact.</td>
</tr>
<tr>
<td>(xxi) The company is not required to prepare consolidated financial statements. Accordingly, the provisions of clause 3 (xxi) of the order are not applicable to the company.</td>
<td>This is statement of fact.</td>
</tr>
</table>

**Referred to in paragraph 2 under "Report on other legal and Regulatory requirement section of our report of even date to the members of Alliance Air Aviation Ltd on the Financial Statements for the year ended March 31 2024:**

| Sr. No. | Direction u/s 143(5) of the Companies Act, 2013 | Auditor's Reply on Action taken on the directions | Impact on Financials | AAAL comments |
|---|---|---|---|---|
| 1 | Whether the company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | The Company has system in place to process all accounting transactions through IT System i.e., SAP (Systems Applications and Products in data processing).<br>1. As per note no.30(b) read with 32 of the notes to accounts, the system is having a technical glitch which has eventually resulted into shortage in inventory being booked. The matter is subject to investigation. However, till then the provision to that extent is being created in the books for the current year since actual reason for shortage is pending to be investigated. Upon the conclusion of the investigation, there might be additional provision or write back of provision in the consumption.<br>2. We invite attention to note no.33 (b) of the financial statements where the Company has stated that there has been payment made to SAP vendor and excess remuneration paid to CFO respectively pursuant to complaint raised by the whistleblower. Both the matters are under investigation by the vigilance department. The excess remuneration paid to the CFO has been shown as recoverable from him. | **NIL** | This is a statement of fact. |

| Sr. No. | Direction u/s 143(5) of the Companies Act, 2013 | Auditor's Reply on Action taken on the directions | Impact on Financials | AAAL comments |
|---|---|---|---|---|
| **2** | Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/loans/ interest etc. made by a lender to the company due to the company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for? (In case, lender is a Government company, then this direction is also applicable for statutory auditor of lender company). | The Company is not availing any loan from any bank, financial institutions or any other lender except the financial support from the Parent Company. As far as loan taken from the parent company is concerned, there is no restructuring of an existing loan or there is no waiver/write off of debts/loans/ interest caused due to company's inability to continue as a going concern. | **NIL** | This is a statement of fact. |
| **3** | Whether funds (grants/ subsidy etc.) received / receivable for specific schemes from Central/ State Government or its agencies were properly accounted for/utilized as per its term and conditions? List the cases of deviation. | No fund received / receivable for specific schemes from central / state agency during the year except amount received / receivable under Regional Connectivity Schemes (RCS) and Viability Gap Funding (VGF) which has been properly accounted/ utilized for in the books of accounts. | **NIL** | This is a statement of fact. |

| Annexure - C to the Independent Auditors' Report | Replies to Annexure - C to the Auditors' Report |
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| **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**<br>We have audited the Internal Financial Controls over financial reporting of ALLIANCE AIR AVIATION LIMITED ("the Company") as of March 31 2024, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date. | |
| **Managements and Board of Directors Responsibility for Internal Financial Controls**<br>The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act | This is a statement of fact. |

**Auditors' Responsibility:**

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

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

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

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| **Meaning of Internal Financial Controls Over Financial Reporting:**<br>A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: | |
| (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; | This is a statement of fact. |
| (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of 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 | This is a statement of fact. |
| (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. | This is a statement of fact. |
| **Inherent Limitations of Internal Financial Controls Over Financial Reporting:**<br>Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper Management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. | |

| | |
|---|---|
| **Basis for Qualified Opinion:**<br>According to the information and explanations given to us and based on our audit carried out on test check basis, we are of the opinion that the Company has failed to establish proper internal controls over financial reporting on criteria based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. Consequently, a material weakness has been identified which indicates a deficiency in the overall effectiveness of the internal financial controls implemented by the Company during the year: | |
| a) The audit of internal financial controls over financial reporting and review of the whistleblowers complaint have identified material weaknesses in the Company's procure-to-pay and HR processes. A whistleblower complaint revealed that a fraudulent payment was made to an SAP vendor based on forged documents, as confirmed by the internal auditor's verification report dated 11.07.2024. The internal committee formed by Company to investigate the matter has submitted its report to CEO and the vigilance department. Also, higher remuneration amounting to ₹ 0.21 Million was paid to the CFO for three months (January to March 2024) without Board approval, with the excess amount recorded as recoverable, pending investigation by the vigilance department. Furthermore, the compliant also revealed that contracts were awarded by the CFO to certain parties on a nomination basis, deviating from Central Vigilance Commission guidelines. These issues highlight significant control deficiencies in the Company's procurement and remuneration processes | Suitable disclosure has been made in Note No. 33 (b). |

| | |
|---|---|
| b) The audit of the Company's internal financial controls over financial reporting identified material weaknesses in inventory management processes, including the lack of integration between the LAMINAAR inventory system and the SAP accounting system, which necessitates manual data uploads, increasing the risk of errors. A technical glitch in LAMINAAR caused incomplete recording of inventory transactions in the prior year, with corrections made in the current year without comprehensive reconciliation. Additionally, the transition from the previous RAMCO system to LAMINAAR in FY 2022-23 was inadequately monitored, with delays in physical verification and reconciliation of inventory. Further, significant inventory shortages amounting to ₹46.99 million from prior periods and an additional ₹170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending. These weaknesses reflect deficiencies in the Company's controls over inventory accuracy and reconciliation processes.<br><br>The Company's internal financial control with regard to the whistleblower complaint and inventories as fully explained in the 'Basis for qualified opinion' of our main report, were not operating effectively, which could result in the Company not providing for adjustments, if any, that may be required to be made and its consequential impact on the financial statements.<br><br>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. | Suitable disclosure has been made in Note No. 30 (b)<br><br>A Committee has been formed and the inventory verification report will be submitted to Auditors in FY 2024-25. |

| | |
|---|---|
| **Qualified Opinion:**<br>In our opinion, and to the best of our information and according to the explanations given to us, except for the matters stated in the basis for qualified opinion, the Company , in all material respects, needs to strengthen it's internal financial controls with reference to Ind AS financial statements and pending the investigation by the vigilance department we are not able to state that whether such internal financial controls were operating effectively as at 31 March 2024, , based on the internal financial controls with reference to Ind AS financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").<br>We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the Company as at and for the year ended 31 March 2024, and the material weakness has affected our opinion on the financial statements of the Company and we have issued a Qualified opinion on the financial statements. | |

# BALANCE SHEET AS AT 31ST MARCH'2024

| Particulars | Note No. | As at 31st March, 2024 In Rs. Million | As at 31st March, 2023 In Rs. Million |
|---|---|---|---|
| ASSETS : | | | |
| 1 Non-current Assets | | | |
| (a) Property, Plant & Equipment | 2(a) | 326.53 | 365.86 |
| (b) Right-of-Use Assets | 2(b) | 17,788.78 | 20,171.06 |
| (c) Other Intangible Assets | 2(c) | 65.34 | 82.00 |
| (d) Financial Assets: | | | |
| i) Trade Receivables | | - | - |
| ii) Other Financial Assets | 3 | 1,077.75 | 1,038.80 |
| (e) Income Tax Assets (Net) | 4 | 482.44 | 612.79 |
| (f) Deferred Tax Assets (Net) | | - | - |
| (g) Other Non-Current Assets | 5 | 7,148.59 | 6,105.19 |
| 2 Current Assets | | | |
| (a) Inventories | 6 | 181.36 | 341.43 |
| (b) Financial Assets: | | - | - |
| i) Trade Receivables | 7 | 516.34 | 1,007.45 |
| ii) Cash and Cash equivalents | 8 | 227.86 | 149.54 |
| iii) Bank balances other than (ii) above | 9 | 987.24 | 801.31 |
| iv) Others Financial assets | 10 | 71.52 | 76.32 |
| (c) Other Current Assets | 11 | 471.88 | 506.28 |
| **TOTAL ASSETS** | | **29,345.63** | **31,258.02** |
| EQUITY AND LIABILITIES: | | | |
| 1 Equity | | | |
| (a) Equity Share Capital | 12 | 10,022.50 | 4,022.50 |
| (b) Other Equity | 13 | (46,861.31) | (40,665.74) |
| 2 Liabilities | | | |
| (i) Non-current Liabilities | | | |
| (a) Financial Liabilities | | | |
| i) Borrowings | | - | - |
| ia) Lease Liabilities | 14 | 18,210.44 | 21,383.58 |
| ii) Trade Payable | | | |
| (A) total outstanding dues of micro enterprises and small enterprises; and | | - | - |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises. | | - | - |
| (iii) Other financial liabilities | | | |
| (b) Provisions | 15 | 775.80 | 793.90 |
| (c) Deferred tax liabilities (Net) | | - | - |
| (d) Other non-current liabilities | | - | - |
| (ii) Current Liabilities | | | |
| (a) Financial Liabilities | | | |
| i) Borrowings | 16 | 26,753.98 | 24,558.28 |
| ia) Lease Liabilities | 17 | 3,494.71 | 3,252.68 |
| ii) Trade Payables | 18 | - | - |
| (A) total outstanding dues of micro enterprises and small enterprises; and | | - | - |
| (B) total outstanding dues of creditors other than micro enterprises and small enterprises | | 15,923.18 | 16,445.69 |
| (iii) Other Financial Liabilities | 19 | 150.42 | 415.11 |
| (b) Provisions | 20 | 20.59 | 5.21 |
| (c) Other Current Liabilities | 21 | 855.32 | 1,046.81 |
| **TOTAL EQUITY & LIABILITIES** | | **29,345.63** | **31,258.02** |

As per our Separate report of even date

**For Batliboi and Purohit**
**Chartered Accountants**
**Firm Registration Number:101048W**

Sd/-
**Raman Hangekar**
(Partner)
ICAI Membership Number.: 030615
UDIN: 25030615BMOCNZ3297

Place: New Delhi
Date: 16-01-2025

**For and on behalf of the Board of Directors of**
**Alliance Air Aviation Limited**

Sd/-
**Asangba Chuba Ao**
Chairman(Nominee Director)
DIN: 08086220

Sd/-
**Brajesh Kumar Srivastava**
(Director)
DIN: 09835338

Sd/-
**Rambabu Ch.**
Chief Executive Officer
PAN - AGVPC9371P

Sd/-
**Shilpa Bhatia**
Company Secretary
Membership No. ACS 49386

# STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH'2024

| Particulars | | Note No. | Amount for the period Apr'23 to March'24 | Amount for the period Apr'22 to March'23 |
|---|---|---|---|---|
| | | | In Rs. Million | In Rs. Million |
| I | **Revenue** | | | |
| 1 | From Operations | 22 | | |
| | i) Scheduled Traffic Services | | 6,037.72 | 6,541.43 |
| | ii) Non Schedule Traffic Services | | 3,331.57 | 3,759.07 |
| | iii) Other Operating Revenue | | 178.37 | 683.68 |
| 2 | Other Income | 23 | 77.87 | 65.41 |
| II | **Total Revenue (1+2)** | | **9,625.53** | **11,049.59** |
| III | **Expenses** | | | |
| | Aircraft Fuel & Oil | | 2,811.30 | 3,681.34 |
| | Other Operating Expense | 24 | 4,649.72 | 3,742.54 |
| | Purchase of Stock-in-Trade | | - | - |
| | Changes in inventories of finished goods, work-in-progress and Stock-in-Trade | | - | - |
| | Employee benefit expenses | 25 | 1,525.12 | 1,525.39 |
| | Finance Costs | 26 | 3,809.10 | 4,988.07 |
| | Depreciation and Amortization expenses | 2 (a to c) | 2,729.07 | 2,617.77 |
| | Other expenses | 27 | 311.42 | 160.21 |
| IV | **Total Expenses** | | **15,835.73** | **16,715.32** |
| V | **Profit/(Loss) before exceptional items and tax (II - IV)** | | **(6,210.20)** | **(5,665.73)** |
| VI | **Exceptional Items** | | **-** | **-** |
| VII | Profit/(Loss) before tax (V - VI) | | **(6,210.20)** | **(5,665.73)** |
| VIII | **Tax expense:** | | | |
| 1 | Current Tax | | - | - |
| 2 | IncomeTax for Earlier Years | | - | - |
| 3 | Deferred Tax | | - | - |
| IX | **Profit/(Loss) for the year after tax (VII-VIII)** | | **(6,210.20)** | **(5,665.73)** |
| X | **Other Comprehensive Income** | | | |
| | A Items that will not be reclassified to Statement of profit and loss | | | |
| | - Remeasurements of defined Benefit Plans | | **14.63** | **8.01** |
| | - Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| XI | **Total Comprehensive Income for the period (IX+X) (Comprising Profit/(Loss) and Other Comprehensive Income for the period)** | | **(6,195.58)** | **(5,657.72)** |
| XII | **Earnings per equity share (In Rupees)** | 28 | | |
| | **(1) Basic** | | (93.14) | (140.85) |
| | **(2) Diluted** | | (93.14) | (140.85) |

As per our Separate report of even date

**For Batliboi and Purohit**
**Chartered Accountants**
**Firm Registration Number:101048W**

Sd/-
**Raman Hangekar**
(Partner)
ICAI Membership Number.: 030615
UDIN: 25030615BMOCNZ3297

Place: New Delhi
Date: 16-01-2025

**For and on behalf of the Board of Directors of**
**Alliance Air Aviation Limited**

Sd/-
**Asangba Chuba Ao**
Chairman(Nominee Director)
DIN: 08086220

Sd/-
**Brajesh Kumar Srivastava**
(Director)
DIN: 09835338

Sd/-
**Rambabu Ch.**
Chief Executive Officer
PAN - AGVPC9371P

Sd/-
**Shilpa Bhatia**
Company Secretary
Membership No. ACS 49386

# STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2024

## A. Equity Share Capital

(Amount in Rs. Million)

| Balance as an 01.04.2024 | Changes in Equity Share Capital due to prior period errors Share | Restated balance as on 01.04.2024 | Changes in equity share capital during the current year | Balance as on 31.03.2024 |
|---|---|---|---|---|
| 10,022.50 | - | 10,022.50 | - | 10,022.50 |

| Balance as an 01.04.2023 | Changes in Equity Share Capital due to prior period errors Share | Restated balance as on 01.04.2023 | Changes in equity share capital during the current year | Balance as on 31.03.2023 |
|---|---|---|---|---|
| 4,022.50 | - | 4,022.50 | - | 4,022.50 |

## B.(1) Other Equity (Current Year)

(Amount in Rs. Million)

| PARTICULARS | Retained Earnings | Other Comprehensive Income | Total |
|---|---|---|---|
| **Balances as at 01.04.2023** | (40,682.63) | 16.89 | (40,665.74) |
| Profit/(Loss) for the year | (6,210.20) | - | (6,210.20) |
| Other Comprehensive Income for the year | - | 14.63 | 14.63 |
| **Total Comprehensive Income** | **(46,892.83)** | **31.52** | **(46,861.31)** |
| **Balance as at 31.03.2024** | **(46,892.83)** | **31.52** | **(46,861.31)** |
| | | | |

## B.(2) Other Equity (Previous Year)

(Amount in Rs. Million)

| PARTICULARS | Retained Earnings | Other Comprehensive Income | Total |
|---|---|---|---|
| | | | |
| **Balance as at 01.04.2022** | (35,016.89) | 8.88 | (35,008.02) |
| Profit/(Loss) for the year | (5,665.73) | - | (5,665.73) |
| Other Comprehensive Income for the year | - | 8.01 | 8.01 |
| **Total Comprehensive Income** | **(40,682.62)** | **16.89** | **(40,665.74)** |
| **Balance as at 31.03.2023** | **(40,682.62)** | **16.89** | **(40,665.74)** |

As per our Separate report of even date

**For Batliboi and Purohit**
**Chartered Accountants**
**Firm Registration Number:101048W**

Sd/-
**Raman Hangekar**
(Partner)
ICAI Membership Number.: 030615
UDIN: 25030615BMOCNZ3297

Place: New Delhi
Date: 16-01-2025

**For and on behalf of the Board of Directors of**
**Alliance Air Aviation Limited**

Sd/-
**Asangba Chuba Ao**
Chairman(Nominee Director)
DIN: 08086220

Sd/-
**Brajesh Kumar Srivastava**
(Director)
DIN 09835338

Sd/-
**Rambabu Ch.**
Chief Executive Officer
PAN - AGVPC9371P

Sd/-
**Shilpa Bhatia**
Company Secretary
Membership No. ACS 49386

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31.03.2024

| Particulars | Amount in Rs. Million 2023-2024 | | Amount in Rs. Million 2022-2023 | |
|---|---|---|---|---|
| **(A) CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Net Profit or Loss before Tax as per Statement of Profit & Loss A/c** | | **(6,210.20)** | | **(5,665.73)** |
| **Add/(Less)-Adjustments for Non-Operating Expenses/Income and Non-Cash Items** | | | | |
| Depreciation and amortisation expenses | 2,729.07 | | 2,617.77 | |
| Provisions / Un-claimed Liabilities Written Back | - | | (20.19) | |
| Interest, Finance Cost and Exchange difference on Leases as per Ind-AS 116 | 551.01 | | 2,173.46 | |
| Interest and Finance Costs | 73.75 | | 12.92 | |
| Interest Income on Deposits | (57.67) | | (45.22) | |
| Prov. For Income Tax | - | | - | |
| Unrealised Foreign Exchange Gain and Loss | (138.42) | | (285.88) | |
| Bad debt recovered | - | | - | |
| Loss/ Gain on Disposal of Assets | 0.73 | | - | |
| Interest on Income Tax Refund | (20.20) | | - | |
| Provision for obsolescence of spares | (66.63) | | 66.47 | |
| | | **3,071.64** | | **4,519.33** |
| **Operating Profit/(Loss) before working capital changes** | | **(3,138.56)** | | **(1,146.40)** |
| **Adjustments for (increase) / decrease in operating assets:** | | | | |
| Other Bank Balances | (185.93) | | 66.59 | |
| Other non-current assets | (1,043.39) | | (1,670.25) | |
| Inventories | 226.70 | | (123.22) | |
| Trade receivables | 491.11 | | (202.32) | |
| Others Financial Asset | 4.80 | | 32.58 | |
| Other Financial Assets-non current | (38.95) | | (191.15) | |
| Other current assets | 34.39 | | (245.34) | |
| | | **(511.27)** | | **(2,333.11)** |
| **Adjustments for increase / (decrease) in operating liabilities:** | | | | |
| Trade payables | (384.08) | | 5,648.79 | |
| Other current liabilities | (191.50) | | 714.44 | |
| Short-term borrowing | 2,195.70 | | 650.50 | |
| Short-term provisions | 15.38 | | 0.87 | |
| Other Financial Liabilities | (264.69) | | (130.72) | |
| Long-term provisions | (20.17) | | 14.90 | |
| | | 1,350.64 | | **6,898.78** |
| **Cash generated from operations** | | (2,299.20) | | **3,419.26** |
| Less : Income Taxes Paid / (Refunded) Including TDS | | 130.35 | | (225.07) |
| **Net Cash from Operating Activities (A)** | | (2,168.85) | | **3,194.20** |
| **(B) CASH FLOW FROM INVESTING ACTIVITES** | | | | |
| a) Purchase of Fixed Assets | (1.52) | | (260.64) | |
| b) Add. In ROU Assets | (290.00) | | | |
| c) Interest Income on Deposits | 57.67 | | 45.22 | |
| d) Sale of fixed Asset | - | | - | |
| **Net Cash from/(used) in investing activities (B)** | | **(233.85)** | | **(215.42)** |
| **(C) CASH FLOW FROM FINANCING ACTIVITES** | | | | |
| a) Proceeds from Right issue of shares | 6,000.00 | | | |
| b) Lease payment | (3,465.43) | | (2,961.35) | |
| c) Interest Paid | (73.75) | | **(12.92)** | **(2,974.27)** |
| d) Interest Paid | 20.20 | | | |
| **Net Cash from/(used) in financing activities (C)** | | **2,481.02** | | **-** |
| **(D) NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)** | | **78.33** | | **4.51** |
| **(E) CASH & CASH EQUIVALENTS AT BEGINNING OF THE YEAR** | | **149.54** | | **145.04** |
| **CASH & CASH EQUIVALENTS AT THE END OF THE YEAR (D+E)** | | **227.86** | | **149.55** |

Note :- The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

Previous year Amount have been regrouped /rearranged where ever necessary

| Particulars | Amount (Rs.) Million | Amount (Rs.) Million |
|---|---|---|
| | 2023-24 | 2022-23 |
| Cash and Cash Equivalent comprises: | | |
| **Balance with Banks** | | |
| In Current Accounts | 227.82 | 149.53 |
| **Cash on hand** | 0.04 | 0.02 |
| **Closing Balance** | **227.86** | **149.55** |

Note :- The above Statement of Cash Flow has been prepared under the 'Indirect Method' as set out in the IND AS 7 on "Statement of Cash Flows" issued by ICAI.

As per our Separate report of even date

**For Batliboi and Purohit**
**Chartered Accountants**
**Firm Registration Number:101048W**

Sd/-
**Raman Hangekar**
(Partner)
ICAI Membership Number.: 030615
UDIN: 25030615BMOCNZ3297

Place: New Delhi
Date: 16-01-2025

**For and on behalf of the Board of Directors of**
**Alliance Air Aviation Limited**

Sd/-
**Asangba Chuba Ao**
Chairman(Nominee Director)
DIN: 08086220

Sd/-
**Brajesh Kumar Srivastava**
(Director)
DIN: 09835338

Sd/-
**Rambabu Ch.**
Chief Executive Officer
PAN - AGVPC9371P

Sd/-
**Shilpa Bhatia**
Company Secretary
Membership No. ACS 49386

**Notes forming part of the IND AS Financial Statements of Alliance Air Aviation Limited for the year ended 31st March, 2024**

**Note No.1: Summary of Significant including Material Accounting Policies**

This note provides a list of significant including material accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless, otherwise stated. All figures of financials are in Rs. (Million), unless otherwise stated.

**1. Company Information / Overview:**

**Background:**

Alliance Air Aviation Limited (formerly known as Airline Allied Services Limited), a wholly owned subsidiary of AI Assets Holding Limited, a Government of India Company, incorporated in India, registered under the Companies Act, 2013 (erstwhile Companies Act 1956 ).The company is in the business of air transportation which includes mainly passenger and cargo services and other related services in India. The Company mainly operates between Tier-2 and Tier-3 cities in India. As at year end, the Company has a fleet of Twenty One aircraft – comprising of Eighteen ATR – 72-600 aircraft, Two ATR-42 aircraft and One Dornier aircraft.

The registered office of the company is situated at Alliance Bhawan, Domestic Terminal-1, I.G.I. Airport, New Delhi – 110037.

The Board of Directors approved the financial statements for the year ended March 31, 2024 and authorized for issue on 16-01-2025.

**2. Basis of preparation of Financial Statements:**

**(i) Statement of Compliance:**

The Financial Statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013 and presentation requirements of Division II of schedule III to the Companies Act, 2013 (as amended from time to time), relevant provisions of the Act and other accounting principles generally accepted in India. The Financial statements are prepared on going concern basis following accrual system of accounting.

The financial statements were authorized for issue by the Board of Directors of the Company on 16-01-2025.

**(ii) Basis of measurement:**

The financial statements have been prepared under the historical cost convention except for the following assets and liabilities which have been measured at fair value:

- certain financial assets and liabilities measured at fair value (Refer accounting policy regarding financial instruments);
- employee benefit obligations (Refer Note 36 for accounting policy)

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair

value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**(iii) Recent Pronouncements:**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards the Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended 31st March 2024, MCA has not notified any new standards or amendments to existing standards applicable to company

## 3. SIGNIFICANT INCLUDING MATERIAL ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements

### I. Operating cycle & Classification of Current &Non-Current:

**Current - Non-Current classification**

Presentation of assets and liabilities in the financial statement has been made based on current /non-current classification provided under the Company Act 2013.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**Operating cycle**

The Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as "the Operating Cycle" in-terms of the provisions of Schedule III to the Companies Act 2013.

### II. Property, Plant and Equipment

**A. Initial Recognition and measurement**

a) The cost of an item of property, plant and equipment is recognized as an asset if,

(i) it is probable that future economic benefits associated with the item will flow to the entity; and

(ii) the cost of the item can be measured reliably.

b) An item of Property Plant and Equipment that qualifies for recognition as an asset shall be measured at its cost.

The cost of an item of property, plant and equipment comprises:

(i) Its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates;

(ii) Incidental costs incurred pertaining to the acquisition and bringing the asset to the location and condition necessary for it to be capable of operating in a manner intended by management and interest on loans borrowed where ever applicable, up to the date of putting the concerned asset to its working condition for its intended use.

c) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate component of property, plant and equipment.

**B. Subsequent Recognition and Measurement**

Subsequent costs are included in the asset's carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

The Company has adopted Cost Model as per Ind-AS 16 "Property Plant and Equipment" and Property, Plant and Equipment are measured at cost, less accumulated depreciation and accumulated impairment losses, if any.

**C. Depreciation /Amortization**

a) Depreciation is provided on straight-line method over the useful life of the Property, Plant and Equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Useful lives of Property, Plant & Equipment are reviewed by the management at each year end.

b) In the case where life of the Plant, Property and Equipment has not been prescribed under Schedule II of the Companies Act, 2013 the same have been determined by technically qualified persons and approved by the Board of Directors, keeping a residual value of 5% of the original cost as stated hereunder:

1. Rotables:

   Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.

2. Ground Support Equipment (GSE):

   Depreciation on Ground Support Equipment specific to leased ATR aircraft is provided based on the completed aircraft lease months over the total aircraft lease months from the date of use.

c) Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.

d) Cost incurred on major modifications/refurbishment on modernization/conversion carried to be depreciated over the useful life.

e) Depreciation is calculated on a pro-rata basis for assets purchased/sold during the period.

Depreciation has been charged based on the following useful lives:

| Particulars of Assets | Useful Lives |
|---|---|
| Plant & Equipment | 5 Years |
| Furniture & Fixtures | 10 years |
| Vehicle | 8 Years |
| Data Processing Equipment's | 3 Years |

| | |
|---|---|
| Ground Support Equipment's (ATR) | (As per above mentioned policy at II C b (2.)) |
| Medical Equipment's | 15 Years |
| Airframe Rotables | Based on Lease Period |
| Aero Engine Rotables | Based on Lease Period |

**D. Derecognition:**

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of property, plant and equipment (calculated as the difference between the net disposal proceeds/ fair value and the carrying amount of property, plant and equipment) is included in the Statement of Profit and Loss when property, plant and equipment is derecognized. The carrying amount of any component accounted as a separate component is derecognized, when replaced or when the property, plant and equipment to which the component relates gets derecognized.

**E. Physical Verification of Assets:**

Physical Verification of Assets is done on a rotational basis so that every asset is verified in every two years. Based on the Physical Verification Report, the discrepancies observed, if any, are reconciled with records and accordingly, accounting action, if any, is taken in the books of accounts.

**III. Non- Current Assets held for Sale**

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition rather than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to "Assets held for Sale" at lower of the "carrying value" or "Fair Value less cost to sell". No depreciation is provided, once the asset is transferred to Assets Held for Sale.

An Impairment Loss is recognized for any initial or subsequent write-down of the asset to fair value less cost to sell. A gain is recognized for any subsequent increases in fair value less cost to sell of an asset, but not in excess of any cumulative impairment loss previously recognized.

**IV. Intangible Assets**

**A. Initial Recognition and measurement:**

Intangible assets are acquired and recognized only if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Company and the cost of assets can be measured reliably.

Intangible assets are recorded at cost of acquisition including incidental costs related to acquisition and installation.

Cost of an intangible asset includes its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates; and any directly attributable cost of preparing the asset for its intended use.

Intangible assets acquired by the company, which have finite useful lives, are recognized

at cost. Subsequent measurement is done at cost less accumulated amortization and accumulated impairment losses.

**B. Subsequent recognition and measurement**

Subsequent costs are capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on intangible assets is recognized in the Statement of Profit and Loss, as incurred.

**C. Amortization**

Intangible assets which have finite useful lives are amortized on straight- line method over a period of legal right to use as per the contract period.

The amortization period and the amortization method of intangible assets with a finite useful life is reviewed at each financial year end and adjusted prospectively, wherever required.

An intangible asset having an infinite useful life is not amortized as per paragraph 107 of Ind-AS 38, however, these assets are reviewed for impairment periodically by management and the impairment is carried out, if necessary.

The Residual Value of Intangible Asset with Finite Useful Life is considered as zero.

Intangible assets with finite useful life are evaluated for recoverability annually and whenever there is any indication that their carrying amounts may not be recoverable. The excess of carrying amount over its recoverable amount is recognized as an impairment loss.

**D. Derecognition**

An Intangible Asset shall be derecognized:

a) On disposal; or

b) When no future economic benefits are expected from its use or disposal.

Gain or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the intangible asset and are recognized in the Statement of Profit and Loss when the asset is derecognized.

**V. Leases**

The Company has applied following practical expedient for calculation of Lease Liability - Use of single average discount rate to portfolio of leases of similar assets in similar economic environment with similar conditions for end date.

**A. As lessee:**

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- The contract involves the use of an identified asset, and;

- The Company has substantially all of the economic benefits from use of the asset through the period of the lease, and;
- The Company has the right to direct the use of the asset.

**1) Right of Use Assets:**

**a) Initial Recognition and Measurement:**

At the commencement date, the rights of use assets (ROU Assets) are measured at cost. The cost includes-

i) An amount equal to the lease liabilities

ii) Any lease payments made before commencement date

iii) Any Indirect cost

iv) An Estimate of cost to be incurred in respect of Re-delivery obligations

v) Less, any incentives received from the Equipment manufacturer in the terms of lease.

**b) Subsequent Measurement of initial recognized ROU Assets:**

After the commencement date, the ROU Assets are measured in accordance with the accounting policy for Property, Plant and Equipment, i.e., ROU are measured at cost, less accumulated depreciation and accumulated impairment losses.

ROU Assets are also correspondingly adjusted to reflect any re-measurement impact in the lease liabilities on account of lease modifications.

ROU Assets will be subject to impairment as per Policy stated in clause no. VII .

**c) Subsequent Recognition and its Measurement of Subsequent costs:**

Subsequent costs are included in the ROU Assets carrying amount or recognized as separate assets, as appropriate, only when it is probable that the future economic benefits associated with expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to Statement of Profit and Loss at the time of incurrence.

**2) Lease Liabilities:**

**a) Initial Recognition and Measurement:**

At the commencement date the company measures lease liabilities at the present value of lease payments that are not paid at that date. The lease liabilities include –

a) Lease Rentals

b) Payment of Penalties for termination of lease if lease term reflects the company exercising the option to terminate

**c) Less, any incentives receivable**

The lease payments are discounted using interest rate implicit in the lease, if that are readily determined. If that rate cannot be readily determined, the company uses incremental borrowing rate.

Incremental Borrowing Rate is the rate of interest that the company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU Assets in a similar economic environment.

**d) Subsequent Measurement:**

After the commencement date the amount of lease liabilities is increased to reflect the accretion of interest and reduced by the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is lease modification, including lease modification in the lease term, lease payment or assessment of an option to purchase the underlying asset. The lease liabilities are re-measured by discounting the revised lease payments using revised discount rate at the effective date of modification.

**3) Lease Term:**

At the commencement date, the company determines the lease term which represents non-cancellable period of initial lease for which the asset is expected to be used, together with the periods covered by an option to extend and terminate the lease, if company is reasonably certain at commencement date to exercise the extension or termination option.

**4) Depreciation:**

Depreciation on assets held as ROU is charged to Statement of Profit and loss on straight line basis from the commencement date to the earliest of the end of useful life of the ROU Asset or end of lease term.

**5) Other Leases:**

Lease payments associated with any other leases which fall outside the purview of Ind AS 116, short-term leases (leases with a term of twelve months or less) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

**6) Provision for Re-delivery**

The Company has in its fleet, aircrafts on lease. As contractually agreed under the lease contracts, the aircrafts have to be redelivered to the lessors at the end of the lease term under stipulated contractual return conditions. At inception of the lease, the redelivery obligations are determined by management based on historical trends and data, and are capitalized to the Right of Use Asset at the present value of expected outflow, where effect of the time value of money is material and credited to Provision for Re-delivery under liabilities.

**7) Manufacturer's Credit (Cash & Non-Cash Incentives):**

Manufacturer Credit means cash incentives & non-cash-based incentives in the form of any rebates, discounts, incentive payments, and other credits which are provided by OEM (Original Equipment Manufacturer) and subsequently passed on to the customer by the Lessor at the time of Lease Agreement.

**Cash incentives:**

The company receives incentives from OEM (Original Equipment Manufacturer) or the Lessor in connection with acquisition of aircraft under lease. These incentives are recorded as reduction to the carrying amount of Right to Use Assets at the commencement of lease of the respective aircraft or aircraft components.

**Non-Cash Incentives:**

Non-cash incentives are recorded as and when due to the company by setting up a deferred asset and a corresponding deferred incentive. These incentives are recorded as a reduction to the cost of related aircraft and aircraft components in case of owned aircrafts. In case of aircrafts held under leases, the incentives are recorded as reduction to the carrying amount of right to use assets at the commencement of lease of the respective aircraft or aircraft components taken on lease.

## VI. Inventories:

### A. Inventory

1) Inventories primarily consist of stores and spares and loose tools (other than those which meet the criteria of property, plant and equipment).

2) Expendable / consumables are charged off in case of initial issue, except issued for capital works which are expensed off when the work order is closed on the completion of repair work.

### B. Valuation of Inventories

1) Inventories primarily include stores, spares and loose tools. The same are valued at cost.

As per industry practice followed in respect of aircraft inventory, the valuation is industry specific and the inventory is properietory in nature and the same is not available in the open market.

The non-availability of inventory in open market, the cost itself becomes the value of the inventory at the year end and to adhere to the prudence concept and to ensure the fair value of the inventory, the company provides for provision for obsolescence.

2) Cost of inventories comprise all costs of purchase after deducting non-refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on FIFO basis.

3) At the year end, Freight Duty & Insurance is expensed off on the basis of the ratio of closing inventory to Consumption of Inventory during the year. Unallocated custom duty paid on aircraft spares is shown added with the cost of inventory.

**C. Diminution in value of inventories**

**1) Obsolescence provision for aircraft stores and spare parts:**

i. Provision is made for the non-moving inventory exceeding a period of five years (net realizable value of 5%) except for (ii) & (iii) below and netted off from the value of inventory.

ii. Inventory of Aircraft Fleet which is phased out, is shown at estimated realizable value unless the same can be used in other Aircraft.

iii. Provision in respect of inventories exclusively relating to aircraft on dry / wet lease, is made on the basis of the completed lease period compared to the total lease period as at the year-end.

2) Full Obsolescence Provision for non-aircraft stores and spares is made for non-moving inventory exceeding a period of five years.

3) Spares retrieved from the cannibalization of the scrapped aircraft are accounted for at Rupee One.

**VII. Impairment of Non-Financial Assets:**

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non- financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with Ind AS-36by estimating the “recoverable Amount” of the asset.

**Impairment Testing:**

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

**Recognition of Impairment Loss:**

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized in the Statement of Profit and Loss.

**Reversal of Impairment Loss:**

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

A reversal of an impairment loss for an asset shall be recognized immediately to statement of profit and loss.

## VIII. Government Grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants shall be recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses, the related costs for which the grants are intended to compensate.

Government grants that become receivable as compensation for expenses or losses incurred in a previous period are recognized in profit or loss of the period in which it becomes receivable.

Government grants related to assets are presented in the balance sheet as deferred income and are recognized in profit or loss on a systematic basis over the expected useful life of the related assets.

## IX. Revenue Recognition

### A. Revenue from Operation:

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Under Ind AS 115, Revenue is recognized upon transfer of control of promised goods or services to customers. Revenue is measured at the fair value of consideration received or receivable, excluding discounts, incentives, amounts collected on behalf of third parties, or other similar items if any as specified in the contracts with the customers.

### B. Revenue from different sources is recognized as under:

#### a) Passenger, Cargo and Mail Revenue

Passenger, Cargo and Mail Revenue are recognized at initial stage when transportation service is provided on flown basis net of discounts given to the passengers, amount collected on behalf of third parties, applicable taxes and airport levies such as passenger service fee, user development fee, etc., if any.

#### b) Blocked Space arrangements/Code share

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

#### c) Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS)

Viability Gap Funding (VGF) and Regional Connectivity Scheme (RCS) are accounted for on the basis of difference between revenue and cost of operations on accrual basis and the same is treated as Operating Income.

**d) Other Operating Revenue**

Other Operating Revenue is recognized when goods are delivered or services are rendered.

**e) Other Revenue:**

i) Income from Interest is recognized using the effective interest method on a time proportion basis. Income from Rentals is recognized on a time proportion basis.

ii) The claims receivable from Insurance Company are accounted for on the acceptance by the Insurance Company of such claims.

iii) Warranty claims/credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

iv) Other Items:

Scrap sales, reimbursement from employees availing medical, educational and other leave without pay, claims of interest from suppliers, other staff claims and lost baggage claims, are recognized on cash basis.

**X. Borrowing Cost:**

- Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress are capitalized, as part of the cost of assets, up to the date for its intended use or sale.
- A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use.
- Interest incurred on borrowed funds or other temporary borrowings in anticipation of the receipt of long-term borrowings that are used for acquisition of qualifying assets exceeding the value of Rs.10.0 million is capitalized at the weighted average borrowing rate on loans outstanding at the time of acquisition.
- Other borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing cost includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**XI. Functional Currency and Presentation Currency:**

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ("The Functional Currency"). The financial statements are presented in Indian Rupee (INR), which is the company's functional and presentation currency.

**XII. Foreign Currency Transactions and Translations:**

a) Foreign Currency Monetary Items

i) Foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates). Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) Foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

b) Exchange variation is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

**XIII. Employee Benefits:**

**A. Short-term employee benefits**

Employee benefit liabilities such as salaries, wages and bonus, etc. that are expected to be settled wholly within twelve months after the end of the reporting period in which the employees render the related service are recognized in respect of employees' services up to the end of the reporting period and are measured at an undiscounted amount expected to be paid when the liabilities are settled.

**B. Post-employment benefit plans**

The Retirement Benefits to the employees comprise of Defined Contribution Plans and Defined Benefit Plans.

**a) Defined Contribution Plan** is a post employee benefit plan under which an entity pays fixed contribution into separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Obligations for contributions to defined contribution plans are recognized as an Employee Benefit Expense in statement of profit and loss in the period during which services are rendered by employees. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

**b) Defined Benefit Plan is a post employee benefit plan other than defined contribution plan.**

The company's liability towards Gratuity and provident fund scheme to the extent of interest liability on provident fund contribution are in the nature of defined benefit plan.

The company pays fixed contribution to the provident fund at predetermined rate to a separate trust, which invests the fund in permitted securities. The contributions to the fund for the year are recognized as expense and are charged to statement of profit and loss. The obligation of the company is to make such fixed contribution and to ensure a minimum rate of return to the members as specified by Government of India.

The company has an obligation towards Gratuity. The plan provides for a lump sum payment to vested employee at the time of retirement, death while in employment or on termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Gratuity plan

of the company is unfunded.

c) **Other Long-Term Employee Benefits:** Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurement are recognized in Statement of Profit and Loss in the period in which they arise.

## XIV. Income tax

Income tax expense comprises current and deferred tax. Current tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income or equity, in which case it is recognized in OCI or equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority.

Deferred tax is recognized in profit or loss except to the extent that it relates to items recognized directly in OCI or equity, in which case it is recognized in OCI or equity.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

## XV. Provisions, Contingent Liabilities & Contingent Assets:

a) Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive)as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.

b) Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

c) Contingent assets are possible assets that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent Assets are disclosed where an inflow of economic benefits is probable.

**Changes in Provision:**

Provisions are reviewed at the end of each reporting period and are adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

When discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognized as Finance Cost.

**XVI. Cash and Cash Equivalents:**

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**XVII. Earnings per Share:**

The Company presents basic and diluted earnings/ (loss) per share (EPS) data for its equity shares. Basic earnings per equity share are computed by dividing the net profit after tax attributable to the equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed by dividing adjusted net profit after tax by the aggregate of weighted average number of equity shares and dilutive potential equity shares during the year.

**XVIII. Fair Value Measurement:**

The Company measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level1 inputs are quoted prices (unadjusted) inactive markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability ,either directly or in directly; and
- Level3 inputs are unobservable inputs for the asset
- or liability.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that

is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to/ by the Company.

## XIX. Financial Instruments:

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### A. Financial assets

#### (i) Classification

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

#### (ii) Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are an attributable to the acquisition of the financial asset.

#### (iii) Subsequent measurement

For purposes of subsequent measurement financial assets are classified in below categories:

##### a. Financial assets carried at amortized cost

A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**b. Financial assets at fair value through other comprehensive income**

A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

**c. Financial assets at fair value through Statement of Profit and Loss**

A financial asset comprising derivatives which is not classified in any of the above categories is subsequently fair valued through profit or loss.

**(iv) De-recognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Any gain or loss on derecognition is recognized in the Statement of Profit and Loss

**(v) Impairment of other financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition, in which case those financial assets are measured at lifetime ECL. The changes (incremental or reversal) in loss allowance computed using ECL model, are recognized as an impairment gain or loss in the Statement of Profit and Loss.

**(vi) Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counter party does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**B. Financial Liabilities**

**(i) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**(ii) Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value and net gains and losses, including any interest expense, are recognized in the Statement of Profit and Loss.

A financial liability is classified as FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition.

**(iii) Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below.

**a) Financial liabilities at amortized cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in The Statement of Profit and Loss.

**b) Financial liabilities at fair value through Statement of Profit and Loss**

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**(iv) Derecognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on modified terms is recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized in the Statement of Profit and Loss.

**(v) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## XX. Materiality Threshold Limits:

The Company has adopted following materiality threshold limits in the recognition of expenses/incomes and disclosure:

| Threshold Items | Unit | Threshold Value |
|---|---|---|
| Prior Period Expenditure/Revenue | | |
| - Identification based on Individual limits | Million | 15 |
| - Restatement based on overall limit | Million | 1% of Turnover of Previous Year |
| Prepaid Expense | Million | 0.010 |
| Foreign Stations | Million | 0.050 |
| Domestic Stations | Million | 0.010 |
| Contingent Liability & Capital Commitments | Million | 0.10 |
| Fair Valuation of Financial Instruments | Million | 5.0 |

As per our Separate report of even date

**For Batliboi and Purohit**
**Chartered Accountants**
**Firm Registration Number:101048W**

Sd/-
**Raman Hangekar**
(Partner)
ICAI Membership Number.: 030615
UDIN: 25030615BMOCNZ3297

Place: New Delhi
Date: 16-01-2025

**For and on behalf of the Board of Directors of**
**Alliance Air Aviation Limited**

Sd/-
**Asangba Chuba Ao**
Chairman(Nominee Director)
DIN: 08086220

Sd/-
**Brajesh Kumar Srivastava**
(Director)
DIN: 09835338

Sd/-
**Rambabu Ch.**
Chief Executive Officer
PAN - AGVPC9371P

Sd/-
**Shilpa Bhatia**
Company Secretary
Membership No. ACS 49386

## NOTE 2(a) : PLANT, PROPERTY & EQUIPMENT FY 2023-24

(Amount in Rs. Million)

| PARTICULARS OF ASSETS | Useful Life as per Schedule II | GROSS BLOCK AS ON 31.03.2023 | ADDITIONS DURING 2023-24 | SOLD/ DISCARDED DURING 2023-24 | GROSS BLOCK AS ON 31.03.2024 | Accumulated Dep. UP TO 01.04.2023 | DEPRECIATION FOR THE YEAR 2023-24 | ADJUSTMENT MADE DURING THE YEAR | CUMULATIVE DEPRECIATION AS ON 31.03.2024 | NET BLOCK AS ON 31.03.2024 | NET BLOCK AS ON 31.03.2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | D | E | F | G | H | I | J |
| PLANT & EQUIPMENT | 5 Years | 12.90 | 0.21 | 0.41 | 12.70 | 9.77 | 0.99 | 0.39 | 10.37 | 2.33 | 3.13 |
| FURNITURE & FIXTURES | 10 years | 10.80 | 0.95 | 1.36 | 10.39 | 4.57 | 0.95 | 1.21 | 4.31 | 6.08 | 6.23 |
| VEHICLE | 8 Years | 3.71 | 0.00 | 0.80 | 2.91 | 2.18 | 0.38 | 0.25 | 2.31 | 0.60 | 1.53 |
| DATA PROCESSING EQUIPMENT | 3 Years | 33.24 | 0.36 | 0.06 | 33.54 | 23.40 | 3.75 | 0.06 | 27.09 | 6.45 | 9.84 |
| GROUND SUPPORT EQUIPMENT(ATR) | (as per policy) | 5.37 | 0.00 | 0.40 | 4.97 | 5.36 | 0.01 | 0.40 | 4.97 | 0.00 | 0.01 |
| AIRFRAME ROTABLES | Based on Lease Period | 278.28 | 0.00 | 0.00 | 278.28 | 137.42 | 22.08 | 0.00 | 159.50 | 118.78 | 140.86 |
| AERO ENGINE ROTABLES | Based on Lease Period | 235.78 | 0.00 | 0.00 | 235.78 | 31.52 | 11.97 | 0.00 | 43.49 | 192.29 | 204.27 |
| **Total as on 31.03.2024** | | **580.08** | **1.52** | **3.03** | **578.57** | **214.22** | **40.13** | **2.31** | **252.04** | **326.53** | **365.85** |

(Amount in Rs. Million)

| | GROSS BLOCK AS ON 31.03.2022 | ADDITIONS DURING 2022-23 | SOLD/ DISCARDED DURING 2022-23 | GROSS BLOCK AS ON 31.03.2023 | Accumulated Dep. UP TO 01.04.2022 | DEPRECIATION FOR THE YEAR 2022-23 | ADJUSTMENT MADE DURING THE YEAR | CUMULATIVE DEPRECIATION AS ON 31.03.2023 | NET BLOCK AS ON 31.03.2023 | NET BLOCK AS ON 31.03.2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | F | G | H | I | J |
| **Total as on 31.03.2023** | **383.52** | **196.56** | **0.00** | **580.08** | **175.72** | **38.50** | **0.00** | **214.22** | **365.86** | **207.80** |

## NOTE NO : 2(b) RIGHT OF USE ASSET

(Amount in Rs. Million)

| PARTICULARS OF ASSETS | Useful Life as per Schedule II | As at 01.04.2023 | ADDITIONS DURING 2023-24 | SOLD/ DISCARDED DURING 2023-24 | Adjustments during 2023-24 | GROSS BLOCK AS ON 31.03.2024 | Accumulated Dep. As at 01.04.2023 on account of adoption of Ind AS 116 | DEPRECIATION FOR THE YEAR 2023-24 | CUMULATIVE DEPRECIATION AS ON 31.03.2024 | NET CARRYING VALUE AS ON 31.03.2024 |
|---|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | D | E | F | G | H | I |
| ROU ASSET | Based on Lease Period | 29772.80 | 290.00 | 0.00 | 0.00 | 30062.80 | 9601.74 | 2672.28 | 12274.02 | 17788.78 |
| **Total as on 31.03.2024** | | **29772.80** | **290.00** | **0.00** | **0.00** | **30062.80** | **9601.74** | **2672.28** | **12274.02** | **17788.78** |

(Amount in Rs. Million)

| | As at 01.04.2022 | ADDITIONS DURING 2022-23 | SOLD/ DISCARDED DURING 2022-23 | GROSS BLOCK AS ON 31.03.2023 | Accumulated Dep. As at 01.04.2022 | DEPRECIATION FOR THE YEAR 2022-23 | ADJUSTMENT MADE DURING THE YEAR | CUMULATIVE DEPRECIATION AS ON 31.03.2023 | NET CARRYING VALUE AS ON 31.03.2023 |
|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | F | G | H | I |
| **Total as on 31.03.2023** | **26704.20** | **3068.60** | **0.00** | **0.00** | **29772.80** | **7030.35** | **2571.39** | **9601.74** | **20171.06** |

## NOTE NO: 2(c) INTANGIBLE ASSETS

(Amount in Rs. Million)

| PARTICULARS OF ASSETS | Useful Life as per Schedule II | GROSS BLOCK AS ON 31.03.2023 | ADDITIONS DURING 2023-24 | SOLD/ DISCARDED DURING 2023-24 | GROSS BLOCK AS ON 31.03.2024 | Accumulated Dep. UP TO 01.04.2024 | DEPRECIATION FOR THE YEAR 2023-24 | ADJUSTMENT MADE DURING THE YEAR | CUMULATIVE DEPRECIATION AS ON 31.03.2024 | NET BLOCK AS ON 31.03.2024 | NET BLOCK AS ON 31.03.2023 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | A | B | C | D | E | F | G | H | I | J |
| INTANGIBLE ASSETS - TRADEMARK | Infinite | 2.54 | 0.00 | 0.00 | 2.54 | 0.00 | 0.00 | 0.00 | 0.00 | 2.54 | 2.54 |
| INTANGIBLE ASSETS - COMPUTER SOFTWARE | As per Contract | 87.63 | 0.00 | 0.00 | 87.63 | 8.17 | 16.66 | 0.00 | 24.83 | 62.80 | 79.46 |
| **Total as on 31.03.2024** | | **90.17** | **0.00** | **0.00** | **90.17** | **8.17** | **16.66** | **0.00** | **24.83** | **65.34** | **82.00** |

(Amount in Rs. Million)

| | GROSS BLOCK AS ON 31.03.2022 | ADDITIONS DURING 2022-23 | SOLD/ DISCARDED DURING 2022-23 | GROSS BLOCK AS ON 31.03.2023 | Accumulated Dep. UP TO 01.04.2022 | DEPRECIATION FOR THE YEAR 2022-23 | ADJUSTMENT MADE DURING THE YEAR | CUMULATIVE DEPRECIATION AS ON 31.03.2023 | NET BLOCK AS ON 31.03.2023 | NET BLOCK AS ON 31.03.2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| | A | B | C | D | E | F | G | H | I | J |
| **Total as on 31.03.2023** | **26.09** | **64.08** | **0.00** | **90.17** | **0.29** | **7.88** | **0.00** | **8.17** | **82.00** | **25.80** |

**NOTE NO.- 3**

| OTHER FINANCIAL ASSETS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Unsecured Considered Good** | | |
| Security Deposits (Maturity more than 12 months) | 1,077.75 | 1,038.80 |
| **Unsecured Considered Doubtful** | | |
| Advance to Suppliers | 9.06 | 9.06 |
| Less: Impairment Allowances to Doubtful Debts | (9.06) | (9.06) |
| **Total** | **1,077.75** | **1,038.80** |

**NOTE NO.- 4**

| INCOME TAX ASSETS (NET) | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Advance Payment of Income Tax including TDS | 482.44 | 612.79 |
| Less: Provision for taxation | - | - |
| **Total** | **482.44** | **612.79** |

**NOTE NO.- 5**

| OTHER NON CURRENT ASSETS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Advances other than Capital Advances** | | |
| Security Deposits (Maintenance Reserve Pot) | 5,691.85 | 4,883.25 |
| GST Input Tax Recoverable & TCS | 1,456.74 | 1,221.94 |
| **Total** | **7,148.59** | **6,105.19** |

**NOTE NO.- 6**

| INVENTORIES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Stores and Spare Parts * | 551.90 | 608.52 |
| Loose Tools * | 14.07 | 14.07 |
| Goods in Transit | - | - |
| Less: Provision for Obsolescence & Shortages | (384.61) | (281.17) |
| **Total** | **181.36** | **341.43** |

* For valuation refer Significant Accounting Policy clause 3(VI)(B)

**NOTE NO.- 7**

| TRADE RECEIVABLES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Secured Trade Receivables | - | - |
| Unsecured Trade Receivables | | |
| Trade Receivables Considered good | 516.34 | 1,007.45 |
| Trade Receivable which have significant increase in Credit Risk | - | - |
| Trade Receivable- Credit Impaired | 25.27 | 25.27 |
| Less: Impairment Allowance for doubtful receivables | (25.27) | (25.27) |
| **Total** | **516.34** | **1,007.45** |

**Trade Receivables ageing schedule**

| Particulars | Current year | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding for following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
| (i) Undisputed Trade receivables – considered good | 198.16 | 142.71 | 175.45 | 0.02 | - | 516.34 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | | | | | | |
| (iii) Undisputed Trade Receivables – credit impaired | | | | | 25.27 | 25.27 |
| (iv) Disputed Trade Receivables– considered good | | | | | | |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | | | | | | |
| (vi) Disputed Trade Receivables – credit impaired | | | | | | |

**Trade Receivables ageing schedule**

| Particulars | Previous year | | | | | |
|---|---|---|---|---|---|---|
| | Outstanding for following periods from due date of payment | | | | | |
| | Less than 6 months | 6 months -1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
| (i) Undisputed Trade receivables – considered good | 557.89 | 65.14 | 59.95 | 27.43 | 297.04 | 1,007.45 |
| (ii) Undisputed Trade Receivables – which have significant increase in credit risk | | | | | | |
| (iii) Undisputed Trade Receivables – credit impaired | | | | | 25.27 | 25.27 |
| (iv) Disputed Trade Receivables– considered good | | | | | | |
| (v) Disputed Trade Receivables – which have significant increase in credit risk | | | | | | |
| (vi) Disputed Trade Receivables – credit impaired | | | | | | |

**NOTE NO.- 8**

| CASH AND CASH EQUIVALENTS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Balance with Banks | | |
| In Current Accounts | 227.82 | 149.53 |
| In Bank Deposits (Maturity less than 3 Months) | - | - |
| Cash in hand | 0.04 | 0.02 |
| **Total** | **227.86** | **149.55** |

**NOTE NO.- 9**

| BANK BALANCES OTHER THAN CASH & CASH EQUIVALENTS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Balance with Banks | | |
| Bank balance in Current Account* | 12.00 | 12.00 |
| In Margin Money Deposits (3 < Maturity < 12) ** | 975.24 | 789.31 |
| **Total** | **987.24** | **801.31** |

*The Bank Balance in IOB amounting Rs. 12 million has been marked Lien/Hold U/S 226(3) of Income Tax Act. 1961

**These deposits are under lien to banks as security for availing various non-fund based Liens of credit and it includes 10% margin money and accured interest thereon.

**NOTE NO.- 10**

| Other Financial Assets | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Unsecured Considered Good** | | |
| Advances to Suppliers | 71.19 | 76.09 |
| Advances to Staff | 0.33 | 0.23 |
| **Unsecured Considered Doubtful** | | |
| Advances to Staff | 5.45 | 5.45 |
| Less: Allowance for Doubtful Staff Advances | (5.45) | (5.45) |
| **Total** | **71.52** | **76.32** |

**NOTE NO.- 11**

| Other Current Assets | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Advance other than Capital advances** | | |
| **(a) Security Deposits** | | |
| Deposit with Authorities | 0.11 | 0.11 |
| Deposits with High Court | 2.38 | 222.38 |
| Less: Provision for Doubtful Deposit | (2.38) | (222.38) |
| **(b) Advances to Related Parties** | | |
| Receivable from Related Parties | 100.60 | 4.21 |
| **(c) Other Advances** | | |
| Prepaid Expenses | 159.58 | 160.53 |
| Receivable from Others | 211.60 | 341.42 |
| **Total** | **471.89** | **506.27** |

**NOTE NO.- 12**

| EQUITY SHARE CAPITAL | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Authorised Share Capital | | |
| 200,000,000 Equity Shares of Rs.100/- each | 20,000 | 20,000 |
| (Previous Year 200,000,000 Equity Shares of Rs. 100/- each) | | |
| | **20,000** | **20,000** |
| Issued, Subscribed & fully Paid up Share Capital | | |
| 1002,25,000 Equity Shares of Rs.100/- each, fully paid-up | 10,022.50 | 4,022.50 |
| (Previous Year 402,25,000 Equity Shares of Rs. 100/- each) | - | - |
| | **10,022.50** | **4,022.50** |

| 12 (a) Reconciliation of no. of shares | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | No. of Shares | No. of Shares |
| **No. of equity shares at the beginning of year** | 4,02,25,000 | **4,02,25,000** |
| Add: No. of equity shares issued | 6,00,00,000 | - |
| Less: No. of equity shares redeemed | - | - |
| **No. of equity shares at the closing of the year** | **10,02,25,000** | **4,02,25,000** |

**12 (b) Equity Shares: Terms and Conditions/Rights attached for Equity Shares**

The company has only one class of equity shares having a par value of Rs. 100 per share. Each shareholder is eligible for one vote per share held. There is no restriction of payment of dividend. In the liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of all preferential amounts proportionate of their shareholding.

**12 (c) Equity Shares held by its Holding Company**

1002,25,000 Equity Shares (Previous Year 4,02,25,000 equity shares) are held by AI Assets Holding Limited, the holding company.

During 2023-24, right issue was made in two tranches - for 1st issue of 30,000,000 shares, issue date was 20.06.2023 & allotment date was 27.06.2023 and for 2nd issue of 30,000,000 shares, issue date was 12.02.2024 & allotment date was 17.02.2024.

**12 (d) Details of shareholder holding more than 5% of Equity Shares:**

| Name of Shareholder | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | No. Of Shares | No. Of Shares |
| AI Assets Holding Limited (Holding Company) | | |
| Equity Shares | **10,02,25,000** | **4,02,25,000** |
| Total No. of shares | **10,02,25,000** | **4,02,25,000** |
| Percentage of Holding | 100% | 100% |

**12 (e) Shares Held by promoters**

Nil share are being held by promoters

**NOTE NO.-13**

| OTHER EQUITY | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **1. Surplus /(Deficit) in statement of profit & loss** | | |
| Opening balance | (40,682.63) | (35,016.89) |
| Add:Profit / (Loss) for the year | (6,210.20) | (5,665.73) |
| Other Comperhensive Income | - | - |
| Less: Prov. For Income Tax for the Asssessment Year 2017-18 | - | - |
| Add: Prior Period Adjustments | - | - |
| Less: Adjustment of the opening balance of OCI for Leave Encashment | - | - |
| Transfer from Reserve | - | - |
| **Closing balance** | **(46,892.83)** | **(40,682.63)** |
| **2. Other Comprehensive Income** | | |
| Opening balance | 16.89 | 8.88 |
| Add: Adjustment of the opening balance of OCI for Leave Encashment | - | - |
| Add: For the Year | 14.63 | 8.01 |
| **Closing balance** | **31.52** | **16.89** |
| **Total** | **(46,861.31)** | **(40,665.74)** |

**NOTE NO.- 14**

| LEASE LIABILITIES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Lease Liabilities** | 21,705.15 | 24,636.26 |
| Less: Current Portion of lease liability (Disclosed as Current Liability in Note 17 ) | (3,494.71) | (3,252.68) |
| Non current lease liabilities | 18,210.44 | 21,383.58 |
| **TOTAL** | **18,210.44** | **21,383.58** |

**NOTE NO.- 15**

| PROVISIONS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Provisions for Employee Benefits** | | |
| Provision for Gratuity | 71.17 | 80.62 |
| Less : Current Portion of Gratuity (Disclosed under Note No. 20) | (14.76) | (3.44) |
| **Provision for Leave Enchashment** | 27.19 | 37.16 |
| Less: Current Portion of Leave Encashment (Disclosed under Note No. 20) | (5.83) | (1.77) |
| **Other Provisions** | | |
| Provision for Re-delivery of Aircraft | 698.03 | 681.33 |
| **TOTAL** | **775.80** | **793.90** |

**NOTE NO.-16**

| CURRENT BORROWINGS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **Loans From Related Parties (Unsecured)** | | |
| **Due to AI Assets Holding Limited ( Holding Company from 21.01.2022)** (Interest @ 9 % has been charged on the Avg. Balance outstanding by AIAHL.) | 26,191.48 | 23,995.78 |
| **Due to AI Assets Holding Limited** (The amount of Rs. 562.50 million has been received for renewal of SBLCs in the year 2021-22, on which interest is being provided @1% p.a as per the Board approval of AIAHL. Pending terms and condition of repayment, this advance has been accounted as short term borrowing) | 562.50 | 562.50 |
| **TOTAL** | **26,753.98** | **24,558.28** |

**NOTE NO.-17**

| LEASE LIABILITIES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Current Portion of lease liability (Refer Note No. 14 ) | 3,494.71 | 3,252.68 |
| **TOTAL** | **3,494.71** | **3,252.68** |

**NOTE NO.-18**

| TRADE PAYABLES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| a) Total outstanding dues of Micro Enterprises and Small Enterprises | - | - |
| b) Total outstanding dues of Creditor other than Micro Enterprises and Small Enterprises | | |
| - Provision for Expenses | 3,349.75 | 3,131.58 |
| - Vendors in India | 7,987.05 | 9,010.03 |
| - Vendors Outside India | 788.08 | 942.68 |
| - Payable to Related Parties | 3,577.79 | 3,169.96 |
| - Supplier-RAMCO * | 111.77 | 111.77 |
| - Airport Taxes | 108.74 | 79.67 |
| **TOTAL** | **15,923.18** | **16,445.69** |

*The reconciliation and matching of Supplier- Ramco Ledgers by relating GRN and PO is under process.

**(Amount in Rs. Millions)**

| Particulars | Current Year | | | | |
|---|---|---|---|---|---|
| | Outstanding for following periods from due date of payment | | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
| (i) MSME | | | | | |
| (ii) Others | 8953.07 | 3569.11 | 2309.06 | 1091.94 | 15923.18 |
| (iii) Disputed dues — MSME | | | | | |
| (iv) Disputed dues - Others | | | | | |
| **TOTAL** | **8953.07** | **3569.11** | **2309.06** | **1091.94** | **15923.18** |

| Particulars | Previous Year | | | | |
|---|---|---|---|---|---|
| | Outstanding for following periods from due date of payment | | | | |
| | Less than 1 year | 1-2 years | 2-3 years | More than 3 years | TOTAL |
| (i) MSME<br>(ii) Others<br>(iii) Disputed dues — MSME<br>(iv) Disputed dues - Others | 2227.39 | 6784.07 | 2715.73 | 4718.50 | 16445.69 |
| **TOTAL** | **2227.39** | **6784.07** | **2715.73** | **4718.50** | **16445.69** |

**NOTE NO.- 19**

| OTHER CURRENT FINANCIAL LIABILITIES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Earnest Money Deposit | 37.52 | 2.01 |
| Security Deposits | 11.61 | 311.44 |
| Others | 101.29 | 101.66 |
| **TOTAL** | **150.42** | **415.11** |

**NOTE NO.- 20**

| CURRENT PROVISIONS | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Provision for Gratuity Liability | 14.76 | 3.44 |
| Current Portion of Gratuity (Disclosed under Note No. 15 above) | | |
| Provision for Leave Enchashment | 5.83 | 1.77 |
| **TOTAL** | **20.59** | **5.21** |

**NOTE NO.- 21**

| OTHER CURRENT LIABILITIES | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| Advance from Agents & Customer | 170.48 | 204.04 |
| Forward Sales | 546.71 | 253.38 |
| Statutory dues Payable | | |
| - TDS on GST payable | 21.66 | 0.95 |
| - TDS payable as per Income Tax | 113.33 | 533.85 |
| - GST Payable | 3.13 | 19.27 |
| - Provident Fund Payable | - | 4.11 |
| - Service Tax Payable | - | 31.13 |
| - Others-Pro. Tax | 0.01 | 0.08 |
| **TOTAL** | **855.32** | **1,046.81** |

**NOTE NO.- 22**

| Revenue From Operations | 2023-2024 | 2022-2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| **1. Operational Revenue** | | |
| **From Sale of Services** | | |
| i) Scheduled Traffic Services | | |
| a) Passenger | 5,932.58 | 6,517.90 |
| b) Excess Baggage | 95.93 | 9.99 |
| c) Mail | 1.63 | 0.99 |
| d) Cargo | 7.58 | 12.55 |
| | 6,037.72 | 6,541.43 |
| ii) Non-Schedule Traffic Services | | |
| a) Charter | 94.21 | 99.14 |
| b) Subsidy for Operation from Government | 3,237.36 | 3,659.93 |
| | 3,331.57 | 3,759.07 |
| iii) Other Operating Revenue | | |
| Handling Servicing and Incidental Revenue | 178.37 | 683.68 |
| | 178.37 | 683.68 |
| **TOTAL** | **9,547.66** | **10,984.18** |

**NOTE NO.- 23**

| Other Income | 2023-2024 | 2022-2023 |
|---|---|---|
| | In Rs. Million | In Rs. Million |
| 1. Interest on Fixed Deposit | 57.67 | 45.22 |
| 2. Interest on Income Tax Refund | 20.20 | - |
| 3. Others | | |
| - Provisions No Longer Required Written Back | - | 20.19 |
| **TOTAL** | **77.87** | **65.41** |

**NOTE NO- 24**

| | Other Operating Expenses | 2023-2024<br>In Rs. Million | 2022-2023<br>In Rs. Million |
|---|---|---|---|
| i) | Aircraft Lease, Handling & Maintenance charges | | |
| | Lease of Aircraft Engine | - | - |
| | Handling | 610.58 | 519.70 |
| | Maintenance | 2,673.34 | 1,961.17 |
| | | 3,283.92 | 2,480.87 |
| ii) | Navigation, Landing, Housing & Parking | | |
| | Landing Fees - Scheduled & Other Ops | 28.63 | 28.11 |
| | Housing & Parking Fees | 20.14 | 17.22 |
| | Flight Comm & Navigation Charges | 290.39 | 291.27 |
| | | 339.16 | 336.59 |
| iii) | Other Communication Charges | | |
| | Expenses on Reservation System | 65.68 | 80.47 |
| | Postage Telegram & Courier Charges | 0.10 | 0.06 |
| | Telephone & Trunk Call Charges | 2.81 | 1.93 |
| | | 68.59 | 82.46 |
| iv) | Passenger Amenities | | |
| | Pax Amenities - Catering On Ground | 0.10 | 1.34 |
| | Pax Amenities - Catering On Board | 108.91 | 97.11 |
| | Pax Amenities - Hotel Expenses | 0.20 | 0.41 |
| | Pax. Call center Charges | 8.90 | 6.88 |
| | | 118.11 | 105.74 |
| v) | Insurance | | |
| | Insurance - Aircraft | 150.77 | 146.71 |
| | Insurance General | 0.01 | 0.09 |
| | | 150.78 | 146.80 |
| vi) | Inventory Consumption | | |
| | Material Consumed-Aircraft * | 522.09 | 273.08 |
| | Provision for Obsolescence (Net) ** | (66.63) | 66.47 |
| | | 455.46 | 339.55 |
| vii) | Booking Agency Commission (Net) | | |
| | Commisson on Ticket sale | 233.70 | 250.52 |
| | | 233.70 | 250.52 |
| | **TOTAL** | **4,649.72** | **3,742.54** |

* refer note no. 30

** refer note no. 32

**NOTE NO.- 25**

| EMPLOYEE BENEFIT EXPENSES | 2023-2024<br>In Rs. Million | 2022-2023<br>In Rs. Million |
|---|---|---|
| 1. Salary, Wages and Bonus | | |
| Salaries - Staff In India | 1,368.38 | 1,352.55 |
| Bonus Expense | 7.61 | 7.38 |
| | 1,375.99 | 1,359.93 |
| 2. Crew Allowances | | |
| Foreign Contract Pilots Fees & Claims | 17.93 | 21.05 |
| | 17.93 | 21.05 |
| 3. Contribution to Provident and Other Funds | | |
| CC Provident Fund-Staff in India | 20.58 | 20.73 |
| | 20.58 | 20.73 |
| 4. Staff Welfare Expenses | | |
| Other Staff Welfare Expenses | 30.68 | 23.69 |
| Staff Training Expenses | 70.70 | 82.29 |
| | 101.38 | 105.98 |
| 5. Gratuity | 13.73 | 15.89 |
| 6. Leave Encashment | (4.49) | 1.80 |
| **TOTAL** | **1,525.12** | **1,525.39** |

**NOTE NO.-26**

| FINANCE COST | 2023-2024<br>In Rs. Million | 2022-2023<br>In Rs. Million |
|---|---|---|
| (i) Interest on Loans: | | |
| - Interest Charged by Holding Company* | 2,412.06 | 2,154.49 |
| (ii) Interest expense on lease liabilities | 199.58 | 221.48 |
| (iii) Impact of Forex on Lease Liability | 351.43 | 1,951.97 |
| (iv) Bank Charges | 73.75 | 12.92 |
| (v) Delayed Payment Charges to Fuel Companies | 445.02 | 378.74 |
| (vi) Interest charged by related parties | 327.26 | 268.47 |
| **TOTAL** | **3,809.10** | **4,988.07** |

***Interest @ 9 % has been charged on the Avg. outstanding balance by AIAHL. Interest @ 1% has been charged on Rs. 562.50 Millions credited by AIAHL in 2021-22.**

**NOTE NO.- 27**

| OTHER EXPENSES | 2023-2024<br>In Rs. Million | 2022-2023<br>In Rs. Million |
|---|---|---|
| Travelling Expenses | 59.43 | 63.17 |
| Rent | 90.08 | 89.14 |
| Repair Charges | 0.31 | 0.41 |
| Hire of Transport | 57.25 | 57.12 |
| Electricity / Heating & Fuel Charges | 12.92 | 8.81 |
| Water Charges | 0.25 | 0.01 |
| Printing and Stationary | 8.57 | 10.48 |
| Publicity and Sales Promotion | 5.14 | 3.19 |
| Covid Exp. | - | 0.67 |
| Legal Charges | 0.02 | 2.51 |
| Stamp Duty | 0.53 | - |
| Payment to Auditors | 1.15 | 1.21 |
| Professional / Consultation Fees & Expenses | 26.27 | 45.24 |
| Provision for Bad & Doubtful Advances | - | - |
| Input Reversal | 63.80 | 29.84 |
| Exchange Variation (Net) | (124.97) | (253.53) |
| Fees to DGCA | 2.75 | 5.20 |
| Office Cleaning Expenses | 0.23 | 0.15 |
| Entertainment Expenses - General | 0.49 | 0.29 |
| Books & Periodicals - Jeppesen / Technical | 38.02 | 31.04 |
| Surplus/Loss on Assets sold or scrapped | 0.73 | - |
| Other Misc. Expenses | 5.90 | 19.27 |
| Interest on delayed payment of TDS | 62.54 | 46.00 |
| Interest on delayed payment of Service Tax/GST | 0.01 | 0.02 |
| **TOTAL** | **311.42** | **160.21** |

**NOTE NO.- 28**

| DISCLOSURE OF EARNING PER SHARE AS PER IND-AS 33 | | As at 31st March, 2024<br>In Rs. Million | As at 31st March, 2023<br>In Rs. Million |
|---|---|---|---|
| a) Weighted average number of equity shares | | | |
| Opening | | 4,02,25,000 | 4,02,25,000 |
| Issued | | 6,00,00,000 | - |
| Weighted Average Number of Equity Share (Used as Denominator) | | 6,66,75,000 | 4,02,25,000 |
| b) Net profit after tax available for equity shareholders (Used as Numerator) | Rs. Million | (6,210.20) | (5,665.73) |
| c) Basic and Diluted Earning Per Share | In Rupees | (93.14) | (140.85) |
| d) Par Value of Share (In Rupees) | | 100.00 | 100.00 |

Note: Right issue of shares has been at par. Hence, no reinstatement of EPS for previous year has been done.

## 29. Disclosure as per Ind AS 37 –Provisions, Contingent Liabilities & Contingent Assets:

### A. Disclosure of Contingent Liabilities

Claims against AAAL not acknowledged as debts (excluding interest for which no claim is received and penalty wherever likely to be applicable) and are being contested to the extent ascertainable and quantifiable.

**(Amount in Rs. Million)**

| Description | Opening Balance As on 01.04.2023 | Additions | Amount charged against the provision | Unused Amount reversed during the year | Effect of Change in Discounting rate | Balance As on 31st March 2024 |
|---|---|---|---|---|---|---|
| Income Tax Demand Notices Received by Company which are under appeal | 8.38 | 791.81 | 0.00 | 11.97 | N/A | **788.22** |
| Other Claims on account of Other contingent Liabilities | 25.24 | 4.09 | 0.00 | 0.37 | N/A | **28.96** |
| **Grand Total** | **33.62** | **795.90** | **0.00** | **12.34** | **0** | **817.18** |

### B. Explanatory Statement in respect of Other Contingent Liabilities

Miscellaneous claim **Rs. 817.18 million** (Previous Year - Rs. 33.62 million) includes:

- The above figure of Rs. 788.22 millions represents the excess of Interest on TDS as calculated by Traces compared to our calculations.
- Unsettled legal claims of Rs. 28.96 million (Previous Year- Rs. 25.24 million) in respect of ongoing legal cases.

### C. Capital & Other Commitments:

Estimated amount of contracts remaining to be executed on the Capital Account is given hereunder:

**(Amount in Rs. Million)**

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| - | NIL | NIL |

**D. Provision for Redelivery**

Movements in the provisions for redelivery are disclosed hereunder:

(**Amount in Rs. Million**)

| PARTICULARS | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Balance as at beginning of the year | 681.33 | 571.65 |
| Provisions created during the year | - | 53.30 |
| Interest accretion on provisions during the year | 6.46 | 6.09 |
| Amounts utilized/adjusted during the year | - | - |
| Impact of exchange loss on restatement of opening provision | - | - |
| Impact of exchange Gain/Loss on restatement of closing provision | 10.24 | 50.29 |
| **Balance as at end of the year** | **698.03** | **681.33** |
| **Balance as at end of the year - non-current** | **698.03** | **681.33** |
| **Balance as at end of the year - current** | **-** | **-** |

**30. Physical Verification & Reconciliation**

**a) Property, Plant and Equipment (PPE)**

(i) As per the policy of the company, Physical Verification and reconciliation of Property, Plant and Equipment consisting of office Equipment, Furniture & fixtures, Engine & airframe Rotables, etc. is carried out on a biennial basis.

The majority of assets constituting around 98% of the total value of assets are located at Delhi, Kolkata & Hyderabad stations.

(ii) The last physical verification and reconciliation of Property, Plant and Equipment has been done for the FY 2023-24 for locations at Delhi, Kolkata & Hyderabad. The necessary accounting action for the discrepancy related to assets with book value of Rs. 0.004 million has been taken in the books of accounts during FY 2023-24.

**b) Physical Verification of Aircraft Inventory**

(i) The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the course of the verification are adjusted in the year in which the report is finalized.

(ii) The Physical Verification of Inventory has been carried out in FY 2023-24. The physical verification of the Aircraft Inventory was conducted by Internal Auditors and Statutory Auditors at Kolkata, Delhi, & Hyderabad.

(iii) Till disinvestment of Air India (AI), AAAL was using MMD module of AI i.e. RAMCO for booking the purchase and consumption of the Inventory through which all the transactions related to inventory were interfaced to SAP module of Alliance Air. The Inventory was kept in AI store prior to disinvestment of Air India Ltd and was controlled by Air India. Based on the requirement of AAAL, AI used to place the order to the respective vendors and clearance from customs authority was also carried out by AI since the items were imported to India

on Import-Export Code (IEC) of Air India. The Ramco inventory module was interfaced with SAP and both the purchase and consumption entry made in Ramco were posted in SAP through interface in the company code of AAAL (1200).

After Disinvestment of AI (25th January 2022), AAAL has migrated to Laminar MMD system and the same was in operational since 18th May 2022. The closing balance in Ramco as on 31st March 2022 was transferred from RAMCO to Laminaar. The purchase and consumption entry for the year 22-23 (upto September 2022) also interfaced to AAAL through interfaced entry from Ramco to SAP.

Alliance Air has set up its new Inventory storage space at the base stations and became operational since 2022.

Handing over of the physical stock by AI to AAAL as per books was pending to be reconciled in full.

Considering that the Aircraft spares are purchased mainly from OEM and considering the validity of the spares, the issuance was made on FIFO basis. The accounting policy of AAAL is also based on AI and as AI is having different types of Aircraft and the consumables purchased are being used for different types of aircraft, the consumption was booked on weighted average basis. But based on actual scenario and the same type of aircraft is maintained in AAAL, the consumption has been booked based on FIFO basis from 2023-24 onward for which post fact approval of the change in accounting policy from the competent authority is placed based on approval of Financials.

Since the laminaar system is in operation, all the purchase and consumption of the inventory is booked in the module but due to technical glitch in the MMD system (Laminaar), the system could not correlate ROE (Rate of Exchange) of USD value of the spare, the actual INR figure is not portrayed in the laminaar system. Hence to arrive at the actual figure in INR, AAAL plotted all the inventory purchased since inception of laminaar and after considering the ROE the month wise purchase and consumption has been arrived at, to portray the true and fair view of the financial statements. The net effect is Rs 10 million pertaining to 2022-23 which has been additionally booked as purchase in SAP in the year 2023-24 and the same is currently identical with laminaar module and financial figures in SAP as well. Considering the materiality of the amount and based on AAAL accounting policy (point no XX), the effect has been given in 2023-24. The amount is within threshold limits and accordingly, the previous year accounts have not been reinstated.

As per company policy, the physical verification of the inventory was carried out and items found out in stock as on 31st March 2024 as compared list generated in Laminar system which was also valued at relevant Rate of Exchange.

The items physically not found in the stock have also been taken into consideration and a full provision amounting to Rs 170.07 million has been created in the financials for the year 2023-24.

The details of the provision made and shown as consumption during 2023-24 is as follows:

**Inventory Balances as per SAP for Last 2 years** **(Amount in Rs. Million)**

| **Particulars** | **2022-23** | **2023-24** |
|---|---|---|
| **Opening Balance** | | |
| Legacy Al System (Ramco) | 437.58 | 254.09 |
| AAAL MMD SYSTEM (Laminaar) | | 186.15 |
| **Total** | **437.58** | **440.24** |
| **Purchases** | | |
| Legacy Al System (Ramco) | 59.30 | |
| AAAL MMD SYSTEM (Laminaar) | 292.90 | 270.85 |
| **Total** | **352.20** | **270.85** |
| **Consumption** | | |
| Legacy Al System (Ramco) | -192.94 | -90.56 |
| AAAL MMD SYSTEM (Laminaar) | -18.50 | -192.47 |
| **Total** | **-211.44** | **-283.03** |
| **Closing Stock** | | |
| Legacy Al System (Ramco) | 303.94 | 163.53 |
| AAAL MMD SYSTEM (Laminaar) | 274.40 | 264.53 |
| **Total** | **578.34** | **428.06** |
| **Less: T/f to Rotables** | | |
| Legacy Al System (Ramco) | -2.86 | 0.00 |
| AAAL MMD SYSTEM (Laminaar) | -88.25 | 0.00 |
| **Total** | **-91.11** | **0.00** |
| **Closing Stock after T/f to Rotables** | **487.23** | **428.06** |
| **Less: Shortage Provision** | | |
| Legacy Al System (Ramco) | 46.99 | |
| AAAL MMD SYSTEM (Laminaar) | | |
| **Closing Balance After Shortage Provision** | | |
| Legacy Al System (Ramco) | 254.09 | 163.53 |
| AAAL MMD SYSTEM (Laminaar) | 186.15 | 264.53 |
| **Total** | **440.24** | **428.06** |
| **Value of Inventory available after Physical Verification in SAP** | | |
| Legacy Al System (Pamco) | | 146.64 |
| AAAL MMD SYSTEM (Laminaar) | | 111.35 |
| **Total** | | 257.99 |
| **Net Shortage as per Laminaar & Ramco (Further Provision Booked in SAP in FY 2023-24)** | | **170.07** |

Regarding the shortage amounting to Rs. 170.07 million ascertained on physical verification of the inventory in the FY 2023-24 and in addition earlier provision of Rs. 47.00 million created during FY 2021-22, the management has formed a committee to investigate the

reason for the same. An independent Auditor will be appointed to review the findings of the committee.

Based on the Independent Auditor's report on the same, further accountability with regard to shortage will be ascertained and accordingly further accounting action, if any, will be taken in FY 2024-25

**c) Confirmations/Reconciliations**

1) The company has sought confirmation of balances for major receivables and payables. Wherever the balances confirmed by the parties are not in agreement with the books, reconciliation of the differences is under process.

Details of unconfirmed balances are tabulated as under:

**(Amount in Rs. Million)**

| Head of Account | Balance as per Books | Balance which is unconfirmed | % of amount unconfirmed |
|---|---|---|---|
| TRADE PAYABLE | 15,923.18 | 1,123.08 | 7.05% |
| TRADE RECEIVABLE | 516.34 | 3.89 | 0.75% |

2) Balance confirmation certificates as on 31st March 2024 have been sent to all vendors and customers. Confirmations have been obtained from 92.95% (previous year: 97.43%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/ Ministry and 99.25% (previous year: 96.83%) of the total dues as on 31st March 2024 is confirmed.

3) An amount of Rs. 110.31 million is outstanding in books of accounts on account Suppliers Suspense Ledgers. The reconciliation and matching of Supplier – Ramco, Suspense Ledgers by relating GRN and PO is under process and necessary accounting action will be taken during 2024-25.

4) Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/C.

**31. Internal Control**

To ensure regulatory and statutory compliance as well as to provide the highest level of corporate governance, the company has an adequate internal control system and process in place for the smooth and efficient conduct of business. A comprehensive delegation of power exists for smooth decision making which is periodically reviewed to align with changing business environment and for speedier decision making. Elaborate guideline forth preparation of accounts is followed consistently for uniform compliances. In order to ensure that all checksand balances are in place and all internal control systems are in order, a regular and exhaustive internal audit is being conducted by an independent firm of Chartered Accountants. The scope of the internal auditor is reviewed by management from time to time to ensure to implement the effective internal controls at stations, regional offices and user departments and a system for uniform and timely accounting entries of transactions in SAP. Besides, the company has Audit Committee, to keep a close watch on compliance with the internal control system. The external modules used for MMD & Revenue accounting are periodically reviewed and any deficiencies noticed have been dealt with by ensuring the correct financial reporting by the management.

Alliance Air has already implemented new SAP effective from 1st April 2023. All the transaction during 2023-24 has been accounted in the New SAP. The closing balance of all General ledger as on 31st March 2023 have been freeze and the same have been migrated as opening balance in New SAP for FY 2023-24.

The backup of all transaction since 01.04.2013 till 31.03.2023 have been maintained in the cloud server for reference purpose.

## 32. Inventories

1. The inventory consists mainly of aircraft spares & consumables and tools of ATR & Do 228 aircraft. The spares for exclusive use in ATR & Do 228 aircraft are being procured through the Engineering department and recorded with the help of Inventory Management module called Laminaar system. Inventory management of the entire AAAL network has been controlled by the various transactions such as Purchase order, GRN, issuance, stock check in the LIMS (Logistics and inventory management system) module of Laminaar system.

2. The Interface between LAMINAR and SAP is yet to be implemented. After the implementation this interface, all the transactions which will take place in LAMINAR will be directly posted in SAP through the interface.

3. As at year end Physical Verification of Inventory has been carried out.

4. The Aircraft spares are purchased mainly from OEM and considering the validity of the spares, the issuance is being made on FIFO basis for maximum utilization of the spares within expired time limit in the current MMD Module. Till disinvestment of Air India, the accounting policy of AAAL related to consumption of inventory was in line with Holding company's Accounting Policy as many of the items in the inventory pool commonly maintained for both Alliance Air and AI were used simultaneously on different aircraft. Due to the same, the consumption of inventory was booked on weighted average basis. After disinvestment of Air India, AAAL has only one type of aircraft (ATR) in its fleet and the inventory is also aircraft specific. The inventories are also having a certain shelf life and to utilize the inventory to a maximum extent within the validity period, the issuance of inventory is considered on FIFO basis and Laminaar MMD module is also configured to ensure that the consumption of the inventory will be FIFO basis only.

   However, prior to 2023-24, since RAMCO & Laminaar Systems were in force simultaneously, it is impracticable to adjust comparative information for the prior period to achieve comparability with the current period because the data during the prior period was being collected in such a way that the retrospective application of the new accounting policy is impracticable to recreate the information. Additionally, developing estimate is potentially more difficult when retrospectively applying an accounting policy or making a retrospective restatement, because of the longer period of time that might have been passed since the affected transaction, other events or conditions occurred.

   Further, the majority of the inventory was purchased and consumed through Laminaar system in Alliance Air in the previous year and Laminaar system is configured to record consumption on FIFO method, the restatement as a result of the change in accounting policy will not have material impact on the financials. Provision for obsolescence has been made based on physical verification findings and closing stock of inventory as on 31.03.2024.

**33. Event Occuring after Balance sheet Date:**

a. A fire took place in CAMO office of AAAL on date 23rd April 2024 due to short circuit. The premises was on lease and temporary structure in form of work station had been inherited from Air India. The assets consisting of Computer System were destroyed in fire with book value of approx.. Rs. 0.07 million. The necessary accounting for the same will be affected in FY 2024-25.

b. Whistleblower Complaint and Pending Investigation

In June 2024, a whistleblower complaint was filed with the Chairman regarding certain allegations against the erstwhile Chief Financial Officer (CFO). Based on the same allegations, an internal committee was constituted vide Office Order No. dated 10.06.2024 to investigate the matter. The committee submitted its report to the CEO and subsequently to the Chairman on 15th July 2024. The matter is currently under investigation by the Vigilance Department, and the final report is awaited. No conclusions can be drawn until the Vigilance Department submits its findings.

Accounting Treatment and Compliance

A provision has been created for the potential recovery of the salary paid to the erstwhile CFO without Board approval, amounting to Rs. 0.21 million.

A provision for potential recovery, amounting to Rs. 4.85 million has been created under the category “Outstanding recoveries” in relation to the alleged payment to M/s Allywired Soft Solutions Private Limited based on forged invoices.

Both provisions have been classified as other current assets. The event qualifies as an adjusting event under IND AS 10 (*Events After the Reporting Period*). The provisions will be adjusted, and appropriate actions will be taken based on the final findings of the Vigilance Department’s investigation report.

c. Approval and Signing of Financial Statements:

As per Section 134 of the Companies Act, 2013, the financial statements, including consolidated financial statements, must be approved by the Board of Directors and signed by:

i. The Chairperson of the company, if authorized by the Board;

ii. Two Directors (one being the Managing Director, if applicable);

iii. The Chief Executive Officer (CEO);

iv. The Chief Financial Officer (CFO); and

v. The Company Secretary, where appointed.

In this regard:

- CFO Position: Shri Ambar Mondal, the then CFO, ceased to hold office on 31.07.2024. The Company is in the process of recruiting a new CFO.
- CEO Position: Shri Vineet Sood, the then CEO, resigned on 21.09.2024. Subsequently, Shri Rambabu Ch., CEO of AI Airport Services Limited (AIASL), has been given

additional charge as CEO of Alliance Air by the Ministry of Civil Aviation w.e.f. 21.09.2024.

Accordingly, the financial statements for the year ended 31st March 2024 have been approved by the Board of Directors and signed by:

- The Chairperson (as authorized by the Board);
- Director;
- The Chief Executive Officer (CEO); and
- The Company Secretary.

**34. Status of Reconciliation with Airport Operators**

1. Reconciliation with the Airport Authority of India has been carried out and has been reconciled till 31.03.2024.
2. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2024.

**35. Disclosure as per Ind-AS 108 "Operating Segments"**

A. In terms of IND AS – 108, the Company is engaged in airline-related business, which is its primary business segment and hence segment results are not disclosed separately. The details of geographical area-wise gross passenger revenue earned (derived by allocating revenue to the area from where the passenger has originated) are given here:

**(Amount in Rs. Million)**

| Particulars | FY-2023-24 | FY-2022-23 |
|---|---|---|
| **India** | 9,522.79 | 10,959.06 |
| **Outside India** | 24.87 | 25.12 |
| **TOTAL** | **9,547.66** | **10,984.18** |

The major revenue earning asset of the Company is its aircraft fleet which is flexibly and optimally deployed across its route network. There is no suitable basis for allocation of assets and liabilities to geographical segment, consequently, area-wise assets and liabilities are not disclosed.

**36. Disclosure as per Ind-AS 24 "Related Party Disclosures"**

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (Ind AS 24) during the year 2023-24.

**1. Key Management Personnel & Relatives:**

**Transactions with Key Managerial Personnel**

i) There are no transactions with key managerial personnel other than Remuneration to Key Managerial persons.

ii) Key Management Personnel & Relatives:

**A.** The Board of Directors of Alliance Air Aviation Ltd. (AAAL) (Formerly known as Airline Allied Services Ltd.) (During FY 2023-24 and till date)

| S. No. | Name | Designation | Date of Appointment | Date of Cessation |
|---|---|---|---|---|
| 1. | Shri Satyendra Kumar Mishra<br>Chairman & Managing Director,<br>AI Assets Holding Limited(AIAHL) | Chairman | 01/03/2023 | 31/12/2023 |
| 2. | Shri Asangba Chuba Ao<br>Chairman & Managing Director,<br>AI Assets Holding Limited(AIAHL) | Chairman | 29/02/2024 | Till date |
| 3. | Shri Asangba Chuba Ao<br>Joint Secretary, DT Division,<br>Ministry of Civil Aviation | Director | 18/01/2023 | Till date |
| 4. | Shri Pranjol Chandra<br>Director, Ministry of Civil Aviation | Director | 11/02/2022 | 13/12/2024 |
| 5. | Shri Brajesh Kumar Srivastava<br>Deputy Secretary, Ministry of Civil Aviation | Director | 18/01/2023 | Till date |
| 6. | Smt Nayonika Dutta<br>Joint Director, Ministry of Civil Aviation | Director | 12/02/2024 | Till date |
| 7. | Shri Rohit Raj<br>Director, Ministry of Civil Aviation | Director* | 13/12/2024 | Till date |

*The appointment shall be effective from the date of obtaining his Director Identification Number

**B.** **Key Managerial Personnel & Relatives** (During FY 2023-24 and till date)

| S. No. | Name | Designation | Date of Appointment | Date of Cessation |
|---|---|---|---|---|
| 1. | Mr. Vineet Sood | Chief Executive Officer | 31/07/2021 | 21/09/2024 |
| 2. | Mr. Rambabu Ch. | Chief Executive Officer (Addl. Charge) | 21/09/2024 | Till Date |
| 3. | Mr. Ambar Kumar Mondal | Chief Financial Officer | 26/07/2019 | 31/07/2024 |
| 4. | Ms. Shilpa Bhatia | Company Secretary | 14/01/2022 | Till Date |

**C.** **Related parties:**

i) In terms of Ind AS 24, the following are related parties which are parties (Government) i.e., significantly controlled and influenced entities (Government of India):

| Name | Nature of Relationship | Control/Influence |
|---|---|---|
| AI Assets Holding Ltd. (AIAHL) | Holding Company | Entity having control over the company |

| Name | Nature of Relationship | Control/Influence |
|---|---|---|
| AI Engineering Services Ltd. | Sister Concern (Subsidiary co. of AIAHL) | Entity having no significant influence/control on the company |
| AI Airport Services Ltd | Sister Concern (Subsidiary co. of AIAHL) | Entity having no significant influence/control on the company |
| Hotel Corporation of India Ltd. | Sister Concern (Subsidiary co. of AIAHL) | Entity having no significant influence/control on the company |

**D. Related Party Transactions**

i. There are no transactions with Key Managerial Personnel except remuneration and perquisites paid to the Chief Executive Officer amounting to Rs.4.06 million (previous year: 4.01 million) ,to the Chief Financial Officer amounting to Rs. 1.90 million (previous year: 1.79 million) and to the Company Secretary amounting to Rs. 1.00 million (previous year: 0.80 million) for the year 2023-24.

ii. Transactions such as providing airline-related services in the normal course of airline business are not included above.

iii. No Loans or Credit Transactions were outstanding with Directors or Officers of the Company or their relatives at the end of the year.

iv. In terms of Ind AS 24, the following are the disclosure requirements related to transactions with certain Government Related entities i.e., significantly controlled and influenced entities (Government of India) and non-Govt. related parties.

**E. Transaction details - Related Parties**

1. **Parent Company AI Assets Holding Ltd. (AIAHL) and other subsidiaries of AIAHL.**

| **Name of the Entities and Nature of transactions**<br>**a) AI Assets Holding Co. (AIAHL)** | **2023-24 (Amount in Rs. Million)** | **2022-23 (Amount in Rs. Million)** |
|---|---|---|
| Expenditure | | |
| Space charges | 2.84 | 2.03 |
| Interest | 2,412.06 | 2,154.49 |
| **Closing Balance (Cr.) *** | **29,169.58** | **26,711.28** |

| **Name of the Entities and Nature of transactions**<br>**b) Hotel Corporation of India Ltd.** | **2023-24 (Amount in Rs. Million)** | **2022-23 (Amount in Rs. Million)** |
|---|---|---|
| Expenditure | | |
| Hotel Accommodation | 3.50 | 1.67 |
| Income | 0.07 | (1.42) |
| **Closing Balance (Cr.) *** | **0.49** | **(1.03)** |

| Name of the Entities and Nature of transactions | 2023-24 (Amount in Rs. Million) | 2022-23 (Amount in Rs. Million) |
|---|---|---|
| **c) AI Engineering Services Ltd. (AIESL)** earlier known as Air India Engineering Services Ltd. | | |
| Expenditure | | |
| Repair Other | 566.45 | 559.58 |
| Manpower | 10.85 | 26.84 |
| Training | - | 0.28 |
| SOD Billing by AAAL | - | - |
| Interest | 210.77 | 172.81 |
| **Closing Balance (Cr.) *** | **2,584.75** | **2,302.60** |

| Name of the Entities and Nature of transactions | 2023-24 (Amount in Rs. Million) | 2022-23 (Amount in Rs. Million) |
|---|---|---|
| **d) AI Airport Services Ltd. (AIASL)** earlier known as Air India Air Transport Services Ltd. | | |
| **Expenditure** | | |
| Handling Charges | 312.68 | 282.06 |
| **Credit Received** | (4.43) | (4.27) |
| Income | | |
| Interest | 114.95 | 94.53 |
| **Closing Balance (Cr.) *** | **1,378.91** | **1,284.03** |

***The closing balance includes provisions made during the year.**

**2. Transactions with Provident Fund Trusts** **(Amount in Rs. Million)**

| Particulars | 2023-24 | | 2022-23 | |
|---|---|---|---|---|
| | **PF Contribution during the Year** | **Payable as on 31.03.2024** | PF Contribution during the Year | Payable as on 31.03.2023 |
| **AASL PF Trust** | **20.58** | **-** | 20.73 | 4.11 |

**Major Transactions with Government-Related Entities**

The details of the major transactions of revenue and expenditure of the Company with Govt Related Entities are given hereunder:

**(Amount in Rs. Million)**

| Sr. No. | Name of Entity | 2023-24 | 2022-23 |
|---|---|---|---|
| | ***Expenditure*** | | |
| i) | Airport Authority of India *(including space)* | **284.92** | 297.54 |
| ii) | *Oil Companies* | | |

| Sr. No. | Name of Entity | 2023-24 | 2022-23 |
|---|---|---|---|
| | Indian Oil Co Ltd | **2,018.66** | 2390.74 |
| | Hindustan Petroleum Co Ltd | **504.06** | 666.19 |
| | Bharat Petroleum Co Ltd | **480.54** | 594.29 |
| | ***Revenue*** | | |
| i) | **Subsidy for Operation from Govt.** | | |
| | Govt of India | **3,237.36** | 3,659.93 |
| ii) | **Charter Revenue - Others** | | |
| | Govt of India | **14.49** | 4.16 |

**Note:** *The above transactions with the Govt/Govt Related entities cover transactions that are significant individually and collectively. The company also entered into other transactions with various other Govt. related entities; however, these transactions are insignificant either individually or collectively and hence not disclosed.*

## 37. Employee Benefits

The Company provides retirement benefits in the form of Gratuity and Leave Encashment on the basis of valuation, as at the Balance Sheet Date, carried out by independent Actuaries, as per Ind AS19 issued by the Institute of Chartered Accountants of India.

a. Privilege Leave Encashment is payable to all eligible employees at the time of retirement up to a maximum of 300 days. Leave Encashment liability for the current financial year is Rs. **(4.49) million** (Previous Year Rs.1.80 million) considering the high attrition rate of the employees.

b. Defined Benefit Plan –

### 1) Provident Fund (Funded)

The company pays a fixed contribution to the provident fund at predetermined rates to a separate trust, which invests the funds in permitted securities. The company has an obligation to ensure a minimum rate of return to the members as specified by GOI.

As per the provisions of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Company has no right to the benefits either in the form of a refund from the plan or lower future contribution to the plan towards the net surplus of Rs. 21 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an asset, and the actuarial gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

During the year, PF deductions for 32 employees was not been deducted and in the month of June 2024, an amount of Rs 31,908 has been deducted and transferred to PF Trust.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the provident fund plan as at the balance sheet date

| Assets / Liability | | 31/03/2024 | 31/03/2023 |
|---|---|---|---|
| a | Present value of obligation | 511,902,718 | 471,608,047 |
| b | Fair value of plan assets | 533,370,147 | 502,326,287 |
| **c** | **Net assets / (liability) recognized in balance sheet as provision** | 21,467,429 | 30,718,240 |

**Change in Present Benefit Obligation**

| | | 31/03/2024 | 31/03/2023 |
|---|---|---|---|
| a) | Present value of obligation as at the beginning of the period | 471,608,047 | 420,471,990 |
| b) | Interest Cost | 34,657,498 | 29,102,281 |
| c) | Current Service Cost | 20,595,124 | 20,726,677 |
| d) | Contributions by plan participants / employees | 25,952,677 | 26,650,434 |
| e) | Benefits Paid | (29,370,517) | (23,421,138) |
| f) | Total Actuarial (Gain)/Loss on Obligation | (11,540,111) | (1,922,197) |
| g) | Settlements/Transfer In | -- | 0 |
| **h)** | **Present value of obligation as at the End of the period** | 511,902,718 | 471,608,047 |

**Change in plan assets:**

| | | 31/03/2024 | 31/03/2023 |
|---|---|---|---|
| a) | Fair value of plan assets at the beginning of the period | 502,326,287 | 420,698,749 |
| b) | Actual return on plan assets | 35,288,658 | 57,671,565 |
| c) | Employer contribution | 20,595,124 | 20,726,677 |
| d) | Plan Participants / Employee Contribution | 25,952,677 | 26,650,434 |
| e) | Benefits paid | (29,370,517) | (23,421,138) |
| f) | Settlements / Transfer In | -- | -- |
| **g)** | **Fair value of plan assets at the end of the period** | 533,370,147 | 502,326,287 |

**2) Gratuity (Unfunded)**

The Company has a defined benefit gratuity plan which is unfunded and is treated as Other Long-Term Employee Benefits. The present value of the obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to an additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. Gratuity is paid by the company as and when it becomes due and is paid as per the Gratuity Scheme of the company. During the year, there were no plan amendments, curtailments or settlements.

**Movement in net Defined Benefit (Asset) / Liability**

a) Reconciliation of balances of Defined Benefit Obligation

**2.1 (a): Table Showing Changes in Present Value of Obligations:**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Present value of the obligation at the beginning of the period | 8,06,17,906 | 7,46,69,924 |
| Interest cost | 60,46,343 | 54,13,570 |
| Current service cost | 76,87,146 | 1,04,76,509 |
| Past Service Cost | 0 | 0 |
| Benefits paid (if any) | (85,54,465) | (19,28,078) |
| Actuarial (gain)/loss | (1,46,26,194) | (80,14,019) |
| Present value of the obligation at the end of the period | 7,11,70,736 | 8,06,17,906 |

**2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Actuarial gain/losses from changes in Demographics assumptions (mortality) | Not Applicable | Not Applicable |
| Actuarial (gain)/ losses from changes in financial assumptions | (79,74,039) | (20,13,526) |
| Experience Adjustment (gain)/ loss for Plan liabilities | (66,52,155) | (60,00,493) |
| Total amount recognized in other comprehensive Income | (1,46,26,194) | (80,14,019) |

**2.2: Key results (The amount to be recognized in the Balance Sheet):**

| Period | As on 31-03-2024 | As on 31-03-2023 |
|---|---|---|
| Present value of the obligation at the end of the period | 7,11,70,736 | 8,06,17,906 |
| Fair value of plan assets at end of the period | 0 | 0 |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 7,11,70,736 | 8,06,17,906 |
| Funded Status - Surplus/ (Deficit) | (7,11,70,736) | (8,06,17,906) |

**2.3 (a): Expense recognized in the statement of Profit and Loss:**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Interest cost | 60,46,343 | 54,13,570 |
| Current service cost | 76,87,146 | 1,04,76,509 |
| Past Service Cost | 0 | 0 |
| Expected return on plan asset | (0) | (0) |
| Expenses to be recognized in P&L | 1,37,33,488 | 1,58,90,079 |

**2.3 (b): Other comprehensive (income) / expenses (Remeasurement)**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Cumulative unrecognized actuarial (gain)/ loss opening. B/F | (2,66,63,257) | (1,86,49,238) |
| Actuarial (gain)/loss - obligation | (1,46,26,194) | (80,14,019) |
| Actuarial (gain)/loss - plan assets | 0 | 0 |
| Total Actuarial (gain)/loss | (1,46,26,194) | (80,14,019) |
| Cumulative total actuarial (gain)/loss. C/F | (4,12,89,451) | (2,66,63,257) |

**2.3 (c): Net Interest Cost**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Interest cost on defined benefit obligation | 60,46,343 | 54,13,570 |
| Interest income on plan assets | 0 | 0 |
| Net interest cost (Income) | 60,46,343 | 54,13,570 |

**2.4: Experience adjustment:**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Experience Adjustment (Gain) / loss for Plan liabilities | (66,52,155) | (60,00,493) |
| Experience Adjustment Gain / (loss) for Plan assets | 0 | 0 |

**3.1: Summary of membership data at the date of valuation and statistics based thereon:**

| Period | As on: 31-03-2024 | As on: 31-03-2023 |
|---|---|---|
| Number of employees | 865 | 909 |
| Total monthly salary | 1,78,82,219 | 1,89,90,869 |
| Average Past Service (Years) | 6.7 | 6.6 |
| Average Future Service (yrs.) | 22.3 | 22.2 |
| Average Age (Years) | 37.7 | 37.8 |
| Weighted average duration (based on discounted cash flows) in years | 14 | 15 |
| Average monthly salary | 20,673 | 20,892 |
| Expected Future Service taking into account Decrements (Years) | 865 | 16 |

**3.2: Actuarial assumptions provided by the company and employed for the calculations are tabulated:**

| | | |
|---|---|---|
| Discount rate | 7.10 % per annum | 7.50 % per annum |
| Salary Growth Rate | 6.00 % per annum | 8.00 % per annum |
| Mortality | IALM 2012-14 | IALM 2012-14 |
| Attrition / Withdrawal Rate (per Annum) | 18.00% p.a. | 5.00% p.a.(18 to 30 Years) |
| Withdrawal rate (Per Annum) | | 3.00% p.a. (30 to 44 Years) |
| Withdrawal rate (Per Annum) | | 2.00% p.a. (44 to 60 Years) |

**3.3: Benefits valued:**

| | | |
|---|---|---|
| Normal Retirement Age | 60 Years | 60 Years |
| Salary | Last drawn qualifying salary | Last drawn qualifying salary |
| Vesting Period | 5 Years of service | 5 Years of service |
| Benefits on Normal Retirement | 15/26 * Salary * Past Service (yr). | 15/26 * Salary * Past Service (yr). |
| Benefit on early exit due to death and disability | As above except that no vesting conditions apply | As above except that no vesting conditions apply |
| Limit | 2000000.00 | 2000000.00 |

**3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):**

| **Period** | **As on: 31-03-2024** | **As on: 31-03-2023** |
|---|---|---|
| Current Liability (Short Term)* | 1,47,64,984 | 34,39,871 |
| Non-Current Liability (Long Term) | 5,64,05,752 | 7,71,78,035 |
| Total Liability | 7,11,70,736 | 8,06,17,906 |

**3.5: Effect of plan on entity's future cash flows**

**3.5 (a): Funding arrangements and funding policy**

Not Applicable

**3.5 (b): Expected contribution during the next annual reporting period**

| | | |
|---|---|---|
| The Company's best estimate of Contribution during the next year | 96,68,854 | 1,14,16,844 |

**3.5 (c): Maturity profile of defined benefit obligation: Weighted Average**

| | | |
|---|---|---|
| Weighted average duration (based on discounted cash flows) in years | 14 | 15 |

**3.5 (d): Maturity Profile of Defined Benefit Obligation: Maturity analysis of benefit obligations.**

| | |
|---|---|
| 01 Apr 2024 to 31 Mar 2025 | 1,47,64,984 |
| 01 Apr 2025 to 31 Mar 2026 | 61,17,726 |
| 01 Apr 2026 to 31 Mar 2027 | 57,25,444 |
| 01 Apr 2027 to 31 Mar 2028 | 49,15,593 |
| 01 Apr 2028 to 31 Mar 2029 | 68,95,443 |
| 01 Apr 2029 Onwards | 3,27,51,546 |

**3.6: Projection for next period:**

| | |
|---|---|
| Best estimate for contribution during next Period | 96,68,854 |

**3.7: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:**

| Period | As on 31-03-2024 |
|---|---|
| Defined Benefit Obligation (Base) | 7,11,70,736 @ Salary Increase Rate : 6%, and discount rate :7.1% |
| Liability with x% increase in Discount Rate | 6,83,05,258; x=1.00% [Change (4)% ] |
| Liability with x% decrease in Discount Rate | 7,42,77,648; x=1.00% [Change 4% ] |
| Liability with x% increase in Salary Growth Rate | 7,42,80,592; x=1.00% [Change 4% ] |
| Liability with x% decrease in Salary Growth Rate | 6,82,51,395; x=1.00% [Change (4)% ] |
| Liability with x% increase in Withdrawal Rate | 7,11,62,062; x=1.00% [Change 0% ] |
| Liability with x% decrease in Withdrawal Rate | 7,11,72,449; x=1.00% [Change 0% ] |

**3.8: Reconciliation of liability in balance sheet**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Opening gross defined benefit liability/ (asset) | 8,06,17,906 | 7,46,69,924 |
| Expenses to be recognized in P&L | 1,37,33,488 | 1,58,90,079 |
| OCI- Actuarial (gain)/ loss-Total current period | (1,46,26,194) | (80,14,019) |
| Benefits paid (if any) | (85,54,465) | (19,28,078) |
| Closing gross defined benefit liability/ (asset) | 7,11,70,736 | 8,06,17,906 |

**3) Leave Encashment (Unfunded) –**

The Company has defined benefit leave encashment plan in India (Unfunded) which is treated as Other Long-Term Employee Benefits. The Company's net obligation in respect of Leave Encashment is the amount of benefit to be settled in the future, that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method.

**2.1 (a): Table Showing Changes in Present Value of Obligations:**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Present value of the obligation at the beginning of the period | 3,71,56,834 | 3,53,53,415 |
| Interest cost | 27,86,763 | 25,63,123 |
| Current service cost | 41,83,502 | 58,61,124 |
| Benefits paid (if any) | (54,77,346) | 0 |
| Actuarial (gain)/loss | (1,14,56,287) | (66,20,828) |
| Present value of the obligation at the end of the period | 2,71,93,466 | 3,71,56,834 |

**2.1 (b): Bifurcation of total Actuarial (gain) / loss on liabilities**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Actuarial gain/losses from changes in Demographics assumptions (mortality) | Not Applicable | Not Applicable |
| Actuarial (gain)/ losses from changes in financial assumptions | (24,99,929) | (9,59,206) |
| Experience Adjustment (gain)/ loss for Plan liabilities | (89,56,358) | (56,61,622) |
| Total amount recognized in other comprehensive Income | (1,14,56,287) | (66,20,828) |

**2.2: Key results (The amount to be recognized in the Balance Sheet):**

| Period | As on 31-03-2024 | As on 31-03-2023 |
|---|---|---|
| Present value of the obligation at the end of the period | 2,71,93,466 | 3,71,56,834 |
| Fair value of plan assets at end of the period | 0 | 0 |
| Net liability/(asset) recognized in Balance Sheet and related analysis | 2,71,93,466 | 3,71,56,834 |
| Funded Status - Surplus/ (Deficit) | (2,71,93,466) | (3,71,56,834) |

**2.3 (a): Expense recognized in the statement of Profit and Loss:**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Interest cost | 27,86,763 | 25,63,123 |
| Current service cost | 41,83,502 | 58,61,124 |
| Expected return on plan asset | (0) | (0) |
| Net actuarial (gain)/loss recognized in the period | (1,14,56,287) | (66,20,828) |
| Expenses to be recognized in P&L | (44,86,022) | 18,03,419 |

**2.4: Experience adjustment:**

| Period | From: 01-04-2023 To: 31-03-2024 | From: 01-04-2022 To: 31-03-2023 |
|---|---|---|
| Experience Adjustment (Gain) / loss for Plan liabilities | (89,56,358) | (56,61,622) |
| Experience Adjustment Gain / (loss) for Plan assets | 0 | 0 |

**3.1: Summary of membership data at the date of valuation and statistics based thereon:**

| Period | As on 31-03-2024 | As on 31-03-2023 |
|---|---|---|
| Number of employees | 865 | 909 |
| Total monthly salary | 1,78,82,219 | 1,89,90,869 |
| Average Past Service (Years) | 6.7 | 6.6 |
| Average Future Service (yrs.) | 22.3 | 22.2 |
| Average Age (Years) | 37.7 | 37.8 |
| Total Leave with Cap/Without Cap | 37,892/37,892 | 45,248/45,248 |
| Total CTC / Availment Rate | 3,57,64,438 / 3% | 3,79,81,738 / 3% |
| Weighted average duration (based on discounted cash flows) in years | 15 | 17 |
| Average monthly salary | 20,673 | 20,892 |

**3.2: Actuarial assumptions provided by the company and employed for the calculations are tabulated:**

| | | |
|---|---|---|
| Discount rate | 7.10 % per annum | 7.50 % per annum |
| Salary Growth Rate | 6.00 % per annum | 8.00 % per annum |
| Mortality | IALM 2012-14 | IALM 2012-14 |
| Attrition / Withdrawal Rate (per Annum) | 18.00% p.a. | 5.00% p.a.(18 to 30 Years) |
| Withdrawal rate (Per Annum) | | 3.00% p.a. (30 to 44 Years) |
| Withdrawal rate (Per Annum) | | 2.00% p.a. (44 to 60 Years) |

**3.3: Benefits valued:**

| | | |
|---|---|---|
| Normal Retirement Age | 60 Years | 60 Years |
| Salary | As per rules of the company | As per rules of the company |
| Benefits on Normal Retirement | 1/30 * Salary * Number of leaves. | 1/30 * Salary * Number of leaves. |
| Benefit on early exit | As above, subject to rules of the company. | As above, subject to rules of the company. |
| Benefit on death | As above, subject to rules of the company. | As above, subject to rules of the company. |

**3.4: Current Liability (*Expected payout in next year as per schedule III of the Companies Act, 2013):**

| **Period** | **As on 31-03-2024** | **As on 31-03-2023** |
|---|---|---|
| Current Liability (Short Term) * | 58,26,776 | 17,70,868 |
| Non-Current Liability (Long Term) | 2,13,66,690 | 3,53,85,966 |
| Total Liability | **2,71,93,466** | 3,71,56,834 |

**3.5: Sensitivity Analysis: Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase rate. Effect of change in mortality rate is negligible. Please note that the sensitivity analysis presented below may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumption would occur in isolation from one another as some of the assumptions may be correlated. The results of the sensitivity analysis are given below:**

| **Period** | **As on 31-03-2024** |
|---|---|
| Defined Benefit Obligation (Base) | 2,71,93,466 |
| Liability with x% increase in Discount Rate | 2,60,71,558; x=1.00% [Change (4)% ] |
| Liability with x% decrease in Discount Rate | 2,84,11,967; x=1.00% [Change 4% ] |
| Liability with x% increase in Salary Growth Rate | 2,84,13,133; x=1.00% [Change 4% ] |
| Liability with x% decrease in Salary Growth Rate | 2,60,50,432; x=1.00% [Change (4)% ] |
| Liability with x% increase in Withdrawal Rate | 2,72,47,759; x=1.00% [Change 0% ] |
| Liability with x% decrease in Withdrawal Rate | 2,71,34,967; x=1.00% [Change 0% ] |

**3.6: Reconciliation of liability in balance sheet**

| **Period** | **From: 01-04-2023 To: 31-03-2024** | **From: 01-04-2022 To: 31-03-2023** |
|---|---|---|
| Opening gross defined benefit liability/ (asset) | 3,71,56,834 | 3,53,53,415 |
| Expenses to be recognized in P&L | (44,86,022) | 18,03,419 |
| Benefits paid (if any) | (54,77,346) | 0 |
| Closing gross defined benefit liability/ (asset) | **2,71,93,466** | 3,71,56,834 |

## 38. Deferred Tax Assets/ Liability

The company has a history of losses, hence in absence of convincing evidence that sufficient taxable profit will be available against which the unused tax losses, deductible timing differences or unused tax credit can be utilized by the entity in near future, no accounting for Deferred Tax Assets / Liabilities has been made in the Financial Statements.

## 39. Disclosure as per Ind- AS 33 "Earnings Per Share"

| Details | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Profit/ (Loss) after tax as per statement of profit and loss (In Rupees) | (6,210,201,359) | (5,66,57,34,685) |
| Weighted Average no. of equity shares (Number) | 66,675,000 | 4,02,25,000 |
| EPS Basic & Diluted (In Rs.) | (93.14) | (140.85) |

## 40. Disclosure as per Micro and Small Enterprises Development Act, 2006

In terms of Section 22 of the Micro, Small and Medium Enterprises Development Act 2006, the outstanding to these enterprises are required to be disclosed. The SAP system has a field, minority indicator in Vendor Master, which is updated to identify the vendor as SSI. The system is being enhanced to capture more details of SSI Vendors, such as certificate no., issuing agency, validity, etc.

Payments to the undertakings covered under the Micro, Small and Medium Enterprises Development Act (to the extent identified) have been made within the prescribed time limit/date agreed upon with the supplier. There is no interest liability for delayed payments to MSME. Information in respect of micro and small enterprises as at 31 March 2024 is as required by Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act)

| Particulars | 31-March-24 (Amt in Rs. Million) | 31-March-23 (Amt in Rs. Million) |
|---|---|---|
| a) Amount remaining unpaid to any supplier: | | |
| Principal amount | NIL | NIL |
| Interest due thereon | NIL | NIL |
| b) Amount of interest paid in terms of Section 16 of the MSMED Act along with the amount paid to the suppliers beyond the appointed day. | NIL | NIL |
| c) Amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act. | NIL | NIL |
| d) Amount of interest accrued and remaining unpaid | NIL | NIL |
| e) Amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprises, for the purpose of disallowances as a deductible expenditure under Section 23 of MSMED Act | NIL | NIL |

## 41. Going Concern

The company is a whollyowned subsidiary of AI Assets Holding Ltd. (AIAHL) and has full support from the Government of India to make the company fully operational.

The company has taken various measures to improve its operational efficiencies and cost control measures.

The total fleet of Company stands at 21 aircraft as on 31st March'2024. All the aircraft are suitable for serving smaller / unserved / underserved airports in the country.

Alliance Air is entrusted to operate the routes allotted by Ministry of Civil Aviation under RCS & VGF scheme, specially in the remote areas for successfully implementing of UDAN scheme and always taking the challenge to fly to critical airfields, fulfilling the aspiration of Government of India to achieve the desired goal of UDAN scheme to connect the tier II & tier III cities and to discharge the social obligation as directed by Government of India.

Alliance Air has also entered the agreement with different State Governments to operate the aircraft to connect the states with major cities under VGF scheme namely Uttrakhand, Odisha, Lakshadweep, Daman & Diu, Himachal & Chhattisgarh.

The company has emerged as one of the major player in the Government of India's premier scheme UDAN and the performance of the airline under UDAN has been excellent. The total UDAN route won by the Company now stands at 165. Out of allotted routes, the company operated 115 routes as on 31st March 2024 (previous year 101 routes).

Further, Ministry of Civil Aviation vide their letter DO. No. AV.17046/72/2019-AI dated 6th April'2023, categorically stated that Alliance Air is a going concern and has assured that Government will make all endeavor to clear the dues towards ATF supply to Alliance Air.

Alliance Air received in principal approval from Ministry of Finance dated 20th April'2023 towards financial support of Rs. 600 crore. As per approval, both the tranches of Rs. 600 crore have been released to Alliance Air, Rs. 300 crores on 26th June 2023 and Rs. 300 crores on 16th February 2024 as equity infusion from AIAHL.

Alliance Air is on the threshold of turnaround and poised to lead the regional connectivity in India in the next decade and be a leading regional carrier in Asia. Alliance Air is heading its way to reversing the trend of adverse financial parameters in this financial year 2024-25 and thereafter further consolidating the gains.

Since the company expects improvement in Operational and Financial Performances and the company has support from the government of India to make the company fully operational, hence the financial statements of the company have been prepared on the "Going Concern" basis despite having accumulated losses and net-worth being eroded."

## 42. Revenue

Alliance Air has operationalised New PSS/DCS system, namely Paxlink, since 15th April 2022. The tickets are being sold through the new PSS system against advance payment receipt from the OTAs/ Agents which comprises 86% of the total sale.

The sale being made through WEB and ATO/CTO are also against the payment received from the customer.

There is no provision of Credit sale except the tickets issued to the officials of other related party, which will be billed and the amount is adjusted against their dues.

The Revenue is booked in AAAL books based on the flown passenger.

The excess amount as accounted on account of sale over and above the Flown figure has been shown as forward sale as liability of the company.

Source data from Paxlink is being uploaded on a separate FTP server for use by outsourced agencies for verification/reconciliation on daily basis. Due diligence is being followed regarding non-disclosure & Integrity of the data being exchanged between the parties. The processed reports & data are available for verification and accounting purposes on the outsourced agencies portal. This processed data and reports generated are the basis for the recognition of AAAL revenue.

As per Industry practice, AAAL is complying with all necessary norms to ascertain the authenticity and accuracy of data processed by an outsourced agency.

The handling & processing of revenue relating to cargo & mail are still being done by AIL.

## 43. Regional Connectivity Scheme

Till 31.3.2024, AAAL has been awarded (through the bidding process) 137 routes (previous year: 127 routes) under RCS till 11 rounds, out of the awarded routes 111 (previous year: 101) are operational. The awarded but non-operational routes till 31.03.2024 are proposed to be launched in the coming months based on the readiness of the airports. The details are as under:

- 04 routes awarded in the second round of allotment,
- 06 routes awarded in the third round of allotment,
- 04 routes awarded in round 3.1,
- 02 routes awarded in round 4.2 of allotment and
- 10 routes from various rounds of RCS-UDAN bidding has been cancelled due to non-readiness of Airports by the governing authority of RCS-UDAN.

Management is of the view that delay to make the route operational is not on part of AAAL and is based on various factors beyond the control of AAAL; therefore AAAL has no liability for the above-stated delay in making the route operational.

## 44. M/S Gati

An agreement for freighter charter operations (undertaken by AAAL) between Air India Ltd and M/s GATI was terminated by GATI in March 2009, consequent to which AI invoked the Bank Guarantee of Rs. 300 million deposited by GATI. The Arbitral Tribunalhas given its award against which an appeal has been filed by Air India Limited before the Hon'ble Delhi High Court which has also upheld the decision of the Arbitral Tribunal. To file an appeal in the Delhi High court (Double Bench) against the subject order, AIL deposited Rs. 220 million with Hon'ble High Court as deposit money on 17.11.2015. Against this deposit, Provision for Doubtful Security Deposit was made for Rs. 220 million as prudence. Air India & Gati have mutually settled the matter and as per the terms both withdrew their appeals. Accordingly, necessary accounting entries towards security deposit, deposit with high court and services tax on invoices raised have been taken care of, in current year.

## 45. TDS on Provisional Expenses

Provision has been created for the bills received from the vendor during 2024-25 but the service

availed in 2023-24 (i.e., all the bills dated after 2023-24). As per the system being followed, the provisions created for 2023-24 are reversed in 2024-25 and the actual bill received in 2024-25 is booked in the vendor ledger after deducting applicable TDS in 2024-25. Due to the GST scenario, provisions have been created without deduction of TDS for the bills of the year 2023-24 received in 2024-25 and dated 2024-25. Further based on reconciliations with different Vendors, provisions are also made for bills raised in 2023-24 but certified bills are not submitted in 2023-24.

## 46. Disclosures as per Ind AS 116 "Leases"

**a)** The Company has taken 18 ATR 72-600, 02 ATR-42 600 & 01 Dornier DO-228 Aircraft on lease. Liabilities on account of future minimum lease rentals in respect of leases are as under: -

**(Amount in Rs. Million)**

| Particulars | As at 31st March, 2024 | | As at 31st March, 2023 | |
|---|---|---|---|---|
| | Non-Current | Current | Non-Current | Current |
| **Lease Liabilities** | 18,210.44 | 3,494.71 | 21,383.58 | 3,252.68 |

**b.) Disclosures for Leases where the company is a Lessee under Ind AS 116**

The Company's leased assets primarily consist of leases for aircraft and engines.

**Other Disclosures**

**1.) Maturity Analysis of lease liabilities** **(Amount in Rs. Million)**

| PARTICULARS | 2023-24 | 2022-23 |
|---|---|---|
| Less than one year | 3,548.17 | 3,443.66 |
| One to five years | 14,456.42 | 12,884.26 |
| More than five years | 4,090.50 | 9,058.97 |
| **Total undiscounted lease liabilities at 31 March 2023** | **22,095.09** | **25,386.88** |
| **Lease liabilities included in the statement of financial position on 31 March 2024** | **21,705.15** | **24,636.26** |

**2.) Amount's recognized in the statement of profit and loss**

| PARTICULARS | 2023-24 | 2022-23 |
|---|---|---|
| Depreciation expense on ROU Asset | 2,657.00 | 2,571.39 |
| Interest on lease liabilities | 351.43 | 221.48 |
| Variable lease payments not included in the measurement of lease liabilities | 0 | 0 |
| Income from sub-leasing right-of-use assets | 0 | 0 |
| Expenses relating to short-term leases* | 0 | 0 |
| Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets | 0 | 0 |

*Engines taken on lease have been classified as short-term leases since the lease term is less than 12 months as on the balance sheet date. Due to this reason, management has availed the practical expedient.

**3.) Amounts recognized in the Statement of Cash Flows**

| PARTICULARS | 2023-24 | 2022-23 |
|---|---|---|
| **Amount Shown as Cash Flow from Financing Activity -** Total cash outflow for leases | 3,465.43 | 2,961.35 |

## 47. Remuneration to Auditors

The details of the Audit fees and Expenses of the Auditors: -

**(Amount in Rs. Million)**

| Particulars | 2023-24 | 2022-23 |
|---|---|---|
| **Payment to Statutory Auditor** | | |
| Statutory Audit Fees (Inclusive of reimbursement of Expenses) | 0.88 | 1.20 |
| Tax Audit Fees | 0.16 | 0.16 |
| Special Purpose Audit Fees | 0.01 | 0.01 |
| **Total** | **1.05** | **1.37** |
| **Payment to other Auditors** | | |
| Internal Audit Fees | 0.22 | 0.22 |
| Fees For Other Matters | 0.49 | 0.10 |
| **Total** | **0.71** | **0.32** |
| **Grand Total** | **1.76** | **1.69** |

**48.** The company has registered charges of Rs. 3460.45 million (Previous Year Rs. 3,205.03 million) with the Registrar of Companies U/s 77 of Companies act 2013. The company is in the process of getting the said charges satisfied by following the procedure prescribed U/s 82 of the Companies Act 2013.

## 49. Capital Management

The objective of the company is to maximize the shareholders' value by maintaining an optimum capital structure. Management monitors the return on capital as well as the debt-equity ratio and makes necessary adjustments in the capital structure for the development of the business.

During the financial year ended 31 March 2024, no significant changes were made in the objectives, policies or processes relating to the management of the Company's capital structure.

**Debt-Equity Ratio:**

**(Amount in Rs. Million)**

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Borrowings | 26,753.98 | 24,558.28 |
| **Total Debt (A)** | **26,753.98** | **24,558.28** |
| Equity Share Capital | 10,022.50 | 4,022.50 |
| Other Equity | (46861.31) | (40665.74) |
| **Total Equity (B)** | (36838.81) | **(36,643.24)** |
| **Debt Equity Ratio (A/B)** | (0.73) | **(0.67)** |

**Return on Equity and Capital Gearing Ratio:** **(Amt in Rs. illion)**

| Particulars | For the year ended 31.03.2024 | For the year ended 31.03.2023 |
|---|---|---|
| **Profit /(Loss) for the year** | **(6191.61)** | **(5665.73)** |
| Equity Share Capital | 10,022.50 | 4,022.50 |
| Other Equity | (46861.31) | (40665.74) |
| **Equity attributable to owners of the company** | **(36838.81)** | **(36643.24)** |
| **Return on Equity Ratio (%)** | **(16.81%)** | **(15.46%)** |

## 50. Fair value measurement and financial instruments

### Financial instruments – by category and fair value hierarchy

The following table shows the carrying amounts and fair value of financial assets and financial liabilities, including their levels in the fair value hierarchy.

**i) As on 31 March 2024** **(Amount in Rs. in Million)**

| Particulars | Category | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | | | | |
| **Non-Current** | | | | | | | |
| Others | | | 1077.75 | 1077.75 | 0.00 | 0.00 | 0.00 |
| **Current** | | | | | | | |
| Trade Receivables* | | | 516.34 | 516.34 | 0.00 | 0.00 | 0.00 |
| Cash and Cash equivalents* | | | 227.86 | 227.86 | 0.00 | 0.00 | 0.00 |
| Bank balances other than (b) above* | | | 987.24 | 987.24 | 0.00 | 0.00 | 0.00 |
| Loans* | | | - | - | - | - | - |
| Other | | | 71.52 | 71.52 | 0.00 | 0.00 | 0.00 |
| **Financial liabilities** | | | | | | | |
| **Non-Current** | | | | | | | |
| Lease Liabilities | 18210.44 | | | 18210.44 | 0.00 | 0.00 | 0.00 |
| **Other** | | | | | | | |
| **Current** | | | | | | | |
| Borrowings | | | 26753.98 | 26753.98 | 0.00 | 0.00 | 0.00 |
| Lease Liabilities | 3494.71 | | | 3494.71 | 0.00 | 0.00 | 0.00 |
| Trade Payables | | | 15923.18 | 15923.18 | 0.00 | 0.00 | 0.00 |
| Other | | | 150.42 | 150.42 | 0.00 | 0.00 | 0.00 |

**ii) As on 31 March 2023** **(Amount in Rs. Million)**

| Particulars | Category | | | | Fair value measurement using | | |
|---|---|---|---|---|---|---|---|
| | FVTPL | FVTOCI | Amortized Cost | Total | Level 1 | Level 2 | Level 3 |
| **Financial Assets** | | | | | | | |
| **Non-Current** | | | | | | | |
| Others** | | | 1038.80 | 1038.80 | 0.00 | 0.00 | 0.00 |
| **Current** | | | | | | | |
| Trade Receivables* | | | 1007.45 | 1007.45 | 0.00 | 0.00 | 0.00 |
| Cash and Cash equivalents* | | | 149.54 | 149.54 | 0.00 | 0.00 | 0.00 |
| Bank balances other than (b) above* | | | 801.31 | 801.31 | 0.00 | 0.00 | 0.00 |
| Loans* | | | - | - | - | - | - |
| Other | | | 76.32 | 76.32 | 0.00 | 0.00 | 0.00 |
| **Financial liabilities** | | | | | | | |
| **Non-Current** | | | | | | | |
| Lease Liabilities | 21383.58 | | | 21383.58 | 0.00 | 0.00 | 0.00 |
| **Other** | | | | | | | |
| **Current** | | | | | | | |
| Borrowings | | | 24558.28 | 24558.28 | 0.00 | 0.00 | 0.00 |
| Lease Liabilities | 3252.68 | | | 3252.68 | 0.00 | 0.00 | 0.00 |
| Trade Payables | | | 16445.69 | 16445.69 | 0.00 | 0.00 | 0.00 |
| Other | | | 415.11 | 415.11 | 0.00 | 0.00 | 0.00 |

*The Carrying amounts of trade receivables, trade payables, cash and cash equivalents, bank balance other than cash and cash equivalents and other financial assets and liabilities, approximate the fair values, due to their short-term nature.

** Other non-current financial assets represent Bank deposits due for maturity after 12 months from the reporting date and interest accrued but not due on financial instruments, the carrying value of which approximates the fair values as on reporting date.

## 51. Financial Risk Management Objective and Policies:

The company has exposure to the following risks arising from financial instruments:

i. Credit risk

ii. Liquidity risk

iii. Market risk –

a. Interest rate risk

b. Currency risk

The Company's principal financial liabilities comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance receivables, and cash and cash equivalents that derive directly from its operations.

The Company is exposed to credit risk, liquidity risk and market risk. The Company's senior management oversees the management of these risks. The Company's senior management is supported by a treasury team. The treasury team provides assurance to the Company's senior management that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objective. It is the Company's policy that no trading in derivatives for the speculative purpose may be undertaken. The Board of Directors reviews and agrees with policies for managing each of these risks, which are summarized below:

**(i) Credit Risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligation.

The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

The maximum exposure to the credit at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from revenue earned from customers. The Company does monitor the economic environment in which it operates. The Company manages its credit risk through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company brands credit terms in the normal course of the business.

The company sells the majority of its passenger service against deposits made by agents (customers) and through online channels.

On adoption of Ind AS 109, the company uses the expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The provision matrix takes into account available internal credit risk factors such as the Company's historical experience with customers. Based on the business environment in which the company operates, management considers that the trade receivables (other than receivables from government departments) are in default (credit-impaired) if the payments are more than 36 months past due.

Trade receivable as at year-end primarily includes Rs. 1077.75 million (Rs 1007.45 million) relating to revenue generated from passenger services.

The Companies exposure to credit risk for trade receivables is as follows:

**(Amount in Rs. Million)**

| Particulars | As at 31/03/2024 | | As at 31/03/2023 | |
|---|---|---|---|---|
| | Gross Carrying Amount | Loss Allowance | Gross Carrying Amount | Loss Allowance |
| Debts not due | | | | |
| Debts over due | 541.61 | 25.27 | 1032.72 | 25.27 |

**Movement in the allowance for impairment in respect of trade receivables**

**(Amount in Rs. Million)**

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| Balance at the beginning of the Year | 25.27 | 25.27 |
| Addition during the year | 0.00 | 0.00 |
| Write off/Adjustments made during the year | - | - |
| Balance at the end of the Year | 25.27 | 25.27 |

**(ii) Liquidity Risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligation associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Company's approach to managing Liquidity is to have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed circumstances, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that its liquidity position, including cash (including unencumbered bank deposit and excluding interest accrued but not due), anticipated future internally generated funds from operationswill enable it to meet its future known obligation in the ordinary course of business. However, if liquidity needs were to arise, the Company believes it has access to a financing arrangement with its parent company, which should enable it to meet its ongoing capital, operating, and liquidity requirement. The Company will continue to consider various borrowing or leasing options to maximize liquidity and supplement cash requirements as necessary.

The Company's liquidity management process as monitored by management includes the following:

- Day-to-day funding is managed by monitoring future cash flows to ensure that requirements can be met.
- Maintaining a rolling forecast of the Company's liquidity position on the basis of expected cash flows.
- Maintaining diversified credit lines.
- For settlement of legacy outstanding, Govt of India has already decided to infuse Rs 600 Cr in form Share capital which will substantially reduce the outstanding and the finance cost.

**Exposure to Liquidity risk**

The following are the remaining contractual maturities of financial liabilities in the reporting data. The contractual cash flow amount is gross and undiscounted and includes interest accrued but not due.

(Amount in Rs. Million)

| As at 31st March 2024 | Carrying Amount | Contractual Cash Flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 Year | More than 5 years | Total |
| Payable to Holding Company | 26,753.98 | 2,195.70 | 24,558.28 | | 26,753.98 |
| Trade payables | 15,923.18 | 8,953.07 | 6,970.11 | | 15,923.18 |
| Other Current Financial Liabilities | 150.42 | 150.42 | | | 150.42 |
| Aircraft Lease | 22,095.09 | 3,548.17 | 14,456.42 | 4,090.50 | 22,095.09 |
| Totals | **64,922.67** | **14,847.36** | **45,984.81** | **4,090.50** | **64,922.67** |

(Amount in Rs. Million)

| As at 31st March 2023 | Carrying Amount | Contractual Cash Flows | | | |
|---|---|---|---|---|---|
| | | Upto 1 year | 1-5 Year | More than 5 years | Total |
| Payable to Holding Company | 24558.28 | 24558.28 | | | 24558.28 |
| Trade payables | 16445.69 | 16445.69 | | | 16445.69 |
| Other Current Financial Liabilities | 415.11 | 415.11 | | | 415.11 |
| Aircraft Lease | 25,386.88 | 3,443.66 | 12,884.26 | 9,058.97 | 25,386.88 |
| Totals | **66,805.96** | **44,862.74** | **12,884.26** | **9,058.97** | **66,805.96** |

### (iii) Market risk

Market risk is that the fair value and future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk namely: currency risk and interest rate risk. The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing the return.

### a. Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's borrowings with floating interest rates.

The exposure of the company's borrowings to interest rate changes as reported to the management at the end of the reporting period are as follows:

(Amount in Rs.Million)

| Variable-rate instruments | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Payable to Holding Company AIAHL | 26,753.98 | 24,558.28 |
| **Total** | **26,752.49** | **24,558.28** |

**Interest rate sensitivity analysis**

A reasonably possible change of 0.50 % in interest rates at the reporting date would have affected the profit and loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

| Particulars | Statement of Profit and loss. | |
|---|---|---|
| Increase/(decrease) in the interest on foreign currency term loansfrom others and on finance lease obligations. | Increase by 0.50 % | Decrease by 0.50 % |
| For the year ended 31 March 2024 | 108.53 | (108.53) |
| For the year ended 31 March 2023 | 123.18 | (123.18) |

**b. Currency risk**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The company is exposed to the effects of fluctuation in the prevailing foreign currency rates on its financial position and cash flows. Exposure arises primarily due to exchange rate fluctuation between the functional currency and other currencies from the company's operating, investing and financing activities.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2024:

| | USD | EURO | Others |
|---|---|---|---|
| Net financial assets | 80.66 million | | |
| Net financial liabilities | 9.45 million | | |

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 593.93 million for the year ended March 31, 2024.

The following table sets forth information relating to unhedged foreign currency exposure as at March 31, 2023:

| | USD | EURO | Others |
|---|---|---|---|
| Net financial assets | 71.47 million | | |
| Net financial liabilities | 11.11 million | | |

10% appreciation / depreciation of the functional currency of the Company with respect to various foreign currencies would result in increase / decrease in the Company's profit before taxes by approximately Rs. 495.98 million for the year ended March 31, 2023.

**52. Disclosure as per Ind AS 115, 'Revenue from contracts with customers**

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made.

The major revenue of the Company arises from the rendering of services (Passenger and cargo). The following is a description of the principal activity.

**Nature, the timing of satisfaction of performance obligation and significant payment terms**

Passenger revenue is recognized on flown basis i.e., after rendering the services, revenue is recognized net of discounts given to the passengers, applicable taxes and airport levies such as passenger service fee, user development fee, etc.

Cargo revenue is recognized when service is rendered i.e., goods are transported, net of airport levies and applicable taxes.

The amounts are billed as per the terms of the contracts and are payable within the contractually agreed credit period as per the Master Service Agreement with Air India.

**Disaggregation of revenue**

Revenue is disaggregated by the type and nature of services of revenue recognition.

**Rendering of services**

**(Amount in Rs. Million)**

| S. No. | Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| 1 | Passenger | 5,932.57 | 6,517.90 |
| 2 | Excess Baggage | 95.93 | 9.99 |
| 3 | Mail | 1.63 | 0.99 |
| 4 | Cargo | 7.58 | 12.55 |
| 5 | Charter | 94.21 | 99.14 |
| 6 | Subsidy for Operation form Government | 3,237.36 | 3,659.93 |
| 7 | Handling Servicing and Incidental Revenue | 178.37 | 683.68 |
| | **Total** | **9,547.66** | **10,984.18** |

The following table provides information about the opening and closing balance of trade receivables:

**(Amount in Rs. Million)**

| Particulars | As at 31st March, 2024 | As at 31st March, 2023 |
|---|---|---|
| Trade Receivable | 516.34 | 1007.45 |

As on 31st March 2024,the company is operating under Regional Connectivity Scheme (RCS) in 137 routes, which has been awarded to the company on seven rounds having a validity of 3 years through the bidding process. In terms of the RCS agreement, the company is required to sell specified seats at an agreed subsidized fare inclusive of taxes. In compliance with the terms of the agreement, the company is eligible for the VGF Claim amount.

Since the RCS routes are awarded through the bidding process for a period of 3 years, the route is open to all carriers after this period subject to the availability of slots & other requirements.

**Practical expedients applied as per Ind AS 115:**

No single customer represents 10% or more of the Company's total revenue during the year ended March 31, 2024 and 2023.

Disclosure requirement as per para 120 of Ind As 115 in respect of remaining performance obligation is not being made in view of practical expedient as per para 121 of Ind As 115.

**53.** Previous Year's figures have been re-casted/re-arranged in line with IND-AS requirements.

**54. Additional Regulatory Information(in compliance with Schedule 3, Division 2 of the Companies Act, 2022)**

a. The Company does not own any immovable property and investment property.

b. The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets) and intangible asset.

c. The company does not have any Capital WIP and Intangible asset under development.

d. The company has not granted Loans or Advances in the nature of loans to promoters, directors, KMPs and the related parties.

e. The company does not have any Benami property.

f. The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets.

g. The company has not been declared wilful defaulter by any bank or financial Institution or other lender.

h. The company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

i. No charges or satisfaction thereof are pending to be registered with ROC.

**Ratios:**

| Sr. No. | ANALYTICAL RATIOS | Numerator | Denominator | CURRENT YEAR | PREVIOUS YEAR | % CHANGE | REASONS |
|---|---|---|---|---|---|---|---|
| 1 | Current Ratio | Current Assets | Current Liabilities | 0.05 | 0.06 | -17.32% | Due to discharge of creditors |
| 2 | Debt-Equity Ratio | Total Debt | Shareholder's Equity | (0.73) | (0.67) | 8.42% | Issuance of shares amounting Rs. 6000 Millions |
| 3 | Debt Service Coverage Ratio | Earnings Available for Debt Service | Debt Service | 0.09 | 0.24 | -61.65% | ROE on Leased Aircrafts |
| 4 | Return on Equity Ratio | (Net Profits After Taxes-Preference Dividend) | Average Shareholder's Equity | NA | NA | NA | Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable |
| 5 | Inventory Turnover Ratio | COGS | Average Stocks | NA | NA | NA | AAAL is in service industry and not a manufacturing unit |

| Sr. No. | ANALYTICAL RATIOS | Numerator | Denominator | CURRENT YEAR | PREVIOUS YEAR | % CHANGE | REASONS |
|---|---|---|---|---|---|---|---|
| 6 | Trade Receivable Turnover Ratio | Net Credit Sales | Average Trade Receivables | 4.25 | 4.04 | 5.22% | The Pax Revenue decreased to Rs. 6038 million in 2023-24 from Rs. 6541 in the year 2022-23. However, the trade receiveables also decreased from Rs. 1007.45 million in 2022-23 to Rs. 516.34 million in 2023-24. |
| 7 | Trade Payable Turnover Ratio | Net Credit Purchases | Average Trade Payables | NA | NA | NA | Prime business is Passenger Carrier and the nature of business will not reflect facts |
| 8 | Net Capital Turnover Ratio | Net Sales | Average Working Capital | (0.21) | (0.24) | -12.87% | The Pax Revenue decreased by Rs. 931 million from 2022-23 in 2023-24 and avg. working capital increased by Rs. 1901 million over the year 2022-23. |
| 9 | Net Profit Ratio | Net Profit/Loss | (Sales) | (0.66) | (0.55) | 20.03% | Due to decrease in operations |
| 10 | Return on Capital Employed | (Earnings Before Interest and Taxes) | (Capital Employed) | NA | NA | NA | Due to negative Shareholder's Equity and Loss during the year, the Ratio is not cumutable |
| 11 | Return on Investment | (Net Return on Investment) | (Cost of Investment) | NA | NA | NA | |

As per our Separate report of even date

**For Batliboi and Purohit**
**Chartered Accountants**
**Firm Registration Number:101048W**

Sd/-
**Raman Hangekar**
(Partner)
ICAI Membership Number.: 030615
UDIN: 25030615BMOCNZ3297

Place: New Delhi
Date: 16-01-2025

**For and on behalf of the Board of Directors of**
**Alliance Air Aviation Limited**

Sd/-
**Asangba Chuba Ao**
Chairman(Nominee Director)
DIN: 08086220

Sd/-
**Brajesh Kumar Srivastava**
(Director)
DIN: 09835338

Sd/-
**Rambabu Ch.**
Chief Executive Officer
PAN - AGVPC9371P

Sd/-
**Shilpa Bhatia**
Company Secretary
Membership No. ACS 49386

# HOTEL CORPORATION OF INDIA LIMITED

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## CORPORATE INFORMATION

## BOARD OF DIRECTORS (AS ON 31.03.2025)

Shri Amit Kumar — Chairman
Smt. Rubina Ali
Smt. Nayonika Dutta
Shri Rohit Raj

**Chief Executive Officer**
Shri Amit Kumar

**Chief Financial Officer**
Shri K. Gopal Krishna

**Company Secretary**
Ms. Sonam Gosain

**Auditors**
M/s Jain Jagawat Kamdar & Co.

**Solicitors**
M/s M.V. Kini & Co.
M/s Suri & Co.

**Bankers**
Axis Bank
J & K Bank
State Bank of India
Syndicate Bank
United Bank of India

**Registered Office**
Centaur Hotel
Indira Gandhi International Airport
New Delhi 110 037

**Registrar & Share Transfer Agent**
Link Intime India Private Limited
C-101, 247 Park,
L.B.S Marg Vikhroli (West),
Mumbai-400083

## Chairman's Message



**Dear Shareholders,**

It gives me great pleasure to present you the 53rd Annual Report of the Company for the Financial Year 2023-24.

Post the setback of previous two years owing to Covid and notwithstanding the adverse geo-political situation, the financial year 2023-24 saw a bounce back in travel in India. Indian tourism is being driven by favourable demographics, higher disposable incomes of the upper middle class and above, robust domestic demand, increased investments and improving infrastructure and connectivity. Due to this Hotels witnessed strong demand benefited from several schemes such as Swadesh Darshan, PRASHAD, UDAN and Dekho Apna Desh initiated by the Ministry of Tourism Government of India.

With an over 8% GDP growth forecast for India in fiscal 2024-25 and favourable factors such as rising aspirations, new tourist attractions, the growing stature of India as an attractive investment destination, policy interventions along with a focus on start-ups, defense, semiconductor and other future growth industries, the Indian hospitality sector is poised for a robust and sustainable growth in the coming years.

During the Financial year 2023-24 your Company managed to record a strong performance with a 15.50% growth in Revenues over the Financial Year 2022-23. EBITDA margins expanded by 75.18 % as against the financial year 2022-23 and the Flight Kitchen segment attained an operating profit of Rs 4.8 crores.

Your company has made all-out efforts to expand its client base and bring in new business. On the cost side, we focused on our processes to minimize wastage, enhance operational efficiency and reduce manpower cost.

During the Financial Year 2023-24, the overall revenue has increased to Rs. 63.217 crores from Rs. 54.732 crores of the previous year. Your company managed to substantially bring down the operating costs by nearly 19.68 % as compared to the previous year. This resulted in minimizing the Gross Operating Loss and keeping it down to Rs. 4.5 crores as against Rs. 18.321 crores in the previous year.

The Company is committed to reduce its losses by implementing consistent and stringent measures for reducing the overall expenditure, enhancing business to increase revenue and improve your company's performance.

**CORPORATE GOVERNANCE**

Hotel Corporation complied with the guidelines on Corporate Governance issued by the Department of Public Enterprises (DPE), wherever applicable during the year. The quarterly returns/annual returns on Corporate Governance were filed with the authorities concerned within the stipulated time.

We shall strive to continue with these objectives in the coming years as well and remain fairly optimistic about the future prospects of the company, especially given the wholehearted support and guidance of Ministry of Civil Aviation.

I take this opportunity to thank my colleagues on the Board for their valuable inputs, the Shareholders, the Company's customers, and the AI Assets Holding Limited and its other subsidiaries for their support. I would also like to place on record my appreciation to the employees at all levels for their hard work, dedication, and commitment during these challenging times for bringing about the turnaround in the company's performance.

**Sincerely,**



**Amit Kumar**

**Chairman**

# DIRECTORS' REPORT

**The Directors have pleasure in presenting their 53rd Annual Report and the Audited Accounts for the year ended 31st March 2024**

## REVIEW OF FINANCIAL PERFORMANCE:

**(Rupees in Millions)**

| PARTICULARS | 2023-24 | 2022-23 | Variance % |
|---|---|---|---|
| Total Revenue | 632.17 | 547.32 | +15.5% |
| Total Operating Expenditure | 677.63 | 730.53 | -7.25% |
| Gross Operating (Loss) | (45.46) | (183.21) | -75.18% |
| Interest | 527.46 | 481.8 | 9.47% |
| Cash (Loss) | (572.92) | (665.01) | -13.85% |
| Depreciation | 41.35 | 38.82 | 6.51% |
| Net (Loss) Before OCI | (614.27) | (703.83) | -12.72% |
| Other Comprehensive Income (OCI) | (24.58) | 18.21 | -235 |
| Net (Loss) Carried to Balance Sheet | (638.85) | (685.62) | -6.82% |

## OTHER FINANCIAL INFORMATION

## SHARE CAPITAL

As on 31st March 2024, the Authorized Share Capital of the Company was Rs.150,00,00,000/- (Rupees One hundred fifty Crore) divided into 1,50,00,000 shares of Rs.100/- each.

As on 31st March 2024, the Paid-up Share Capital of the Company was Rs.137,60,00,000/- (Rupees One hundred and Thirty-Seven Crore sixty lakhs) divided into 1,37,60,000 shares of Rs.100/- each which were held as follows:

- Rs.110,60,00,000 (Rupees One hundred and Ten Crore sixty lakhs) divided into 110,60,000 shares of Rs.100 each held by AI Assets Holding Limited being the Holding Company.
- Rs.27,00,00,000/- (Rupees Twenty-Seven Crore) divided into 27,00,000 shares of Rs.100/- each held by the Central Government in the name of the President of India.

## ANNUAL PLAN OUTLAY 2023-24

As in the previous years, the Company has not received any Annual Plan Outlay in the year 2023-24.

## CHANGES IN THE SHARE CAPITAL, IF ANY

During the year there was no change in the Authorized and Paid-up Share Capital of the Company.

## CHANGE IN NATURE OF BUSINESS

There is no change in the nature of the business of the Company.

## DETAILS OF REVISION OF FINANCIAL STATEMENTS OR BOARD'S REPORT

The Company has not revised its Financial Statements or Board's Report in respect of any of the three preceding financial years as mentioned in Section 131(1) of the Companies Act, 2013.

## DIVIDEND

In terms of Section 123 of the Companies Act, 2013 the dividend could not be considered due to accumulated losses.

## TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend for the past years, the provisions of Section 125 of the Companies Act, 2013 did not apply.

## AMOUNTS TRANSFERRED TO RESERVES

In view of the accumulated losses, the Board of Directors have decided not to transfer any amount to reserves during the year.

## FOREIGN TOURS

The Company incurred NIL expenditure under this head during the year under review.

## HUMAN RESOURCE

### Personnel

As on 31 March 2024, the Company had on its payroll a total of 195(post absorption of CLVH employees by the UT of J&K as per the AMRD order dated July 17th, 2023) permanent employees as against 435 as on 31 March 2024. The Company believes that the challenges surrounding the business environment can be best mitigated by a workforce that is motivated, nimble, adaptive to change, innovative and fast in learning.

### Industrial Relations

The industrial relations in the Company have traditionally been harmonious.

## VIGILANCE

During the year under report, periodic surprise checks and inspections were carried out at all units of HCI. During the year, procedural advice was rendered from time to time in matters pertaining to tender/purchase procedures. Vigilance Awareness Week was observed from 30 October 2023 till 5 November 2023.

## STATUTORY COMPLIANCE

### Employment of Ex-Servicemen

The Company had been following the Government directive received in this regard for employment of Ex-Servicemen.

## Implementation of Official Language Policy

With regard to the implementation of Official Language Policy, the directives received from the Government from time to time are being followed.

## Employment of SC, ST & OBC

Subsequent to the disinvestment of three out of six Units of HCI, there was a ban on recruitment and hence, no recruitment exercise was carried out. However, the Company continued to observe the Government directives for reservation of posts in promotions of SC, ST and OBC candidates. The number of permanent employees as on 31 March 2024 is as under:

| Total No. of employees | Total Number of SC employees | % of SC employees | Total No. of ST Employees | % of ST employees | Total No. of OBC employees | % of OBC employees |
|---|---|---|---|---|---|---|
| 195 | 64 | 30.40 | 19 | 9.74% | 31 | 15.90 |

## DEPOSITS

The Company has not accepted any deposits during the year.

## MSE COMPLIANCE

It always has been the endeavor of HCI to support Micro and Small Enterprises (MSEs) and local suppliers. HCI has taken a number of steps including implementing the Public Procurement Policy of the Government of India to procure the items specified from MSEs. The actual procurement from MSEs during the financial year 2023-24 was Rs 118.53 Millions.

## SIGNIFICANT & MATERIAL ORDERS

In December 2021, the J&K Government issued a Notice terminating the lease of the land on which the Centaur Lake View Hotel, Srinagar is located. The Company gave its response to the said termination notice. However, in January 2022, the J&K Government appointed an Estate Officer under the J&K Public Premises (Eviction of Unauthorized Occupants), 1988 and on June 14, 2022, UT of J&K sealed the Centaur Lake View Hotel, Srinagar and forcefully evicted HCI from the premises.

In July 2023, as per the resolution under AMRD, the Centaur Lake View Hotel at Srinagar (which was sealed by the UT of J&K in June 2022), was handed over to the UT of J&K and all the employees of the hotel were absorbed by the UT of J&K.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Section 135 (1) of the Companies Act 2013 requires provision for CSR to be made applicable for a company having threshold Net Worth of ₹500 crores or Turnover of ₹ 1,000 crores or Net Profit of ₹5 crores or more during any of the three immediately preceding financial years. As the company has average net loss during immediately preceding three financial years, no CSR spent has been made during the FY 2023-24.

## FOREIGN EXCHANGE EARNINGS & OUTGO

The Foreign Exchange Earnings and Outgo during the year were Nil.

## COMPLIANCE WITH THE RTI ACT, 2005

Hotel Corporation of India Limited has ensured compliance with the provisions of Right to Information Act for providing information to the citizens.

The Company has decentralized its structure to deal with the applications/appeals received under RTI Act and has 5 Assistant Public Information Officers (APIOs), 6 Public Information Officers (PIOs) and an Appellate Authority have been appointed for speedy disposal of applications/ appeals.

During 2023-24, 8 Requests/Appeals were disposed of in the subsequent year i.e. 2023-24.

## SEXUAL HARASSMENT

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this.

One (1) complaint was received in the year 2023 pertaining to sexual harassment. During the year 2023, the complaint was disposed of, and report was submitted by the Complaint Committee and suitable action was taken by the Management.

## INFORMATION ABOUT SUBSIDIARY/JV/ASSOCIATE COMPANY

The Company does not have any Subsidiary, Joint Venture or Associate Company.

## MATERIAL CHANGES AND COMMITMENTS

The Estate officer appointed by the J&K Government issued a show cause notice on 05.04.2022. The Company responded on 15.04.2022 requesting for three weeks' time to give a detailed response. However, the Estate Officer issued an Eviction Order dated 25.04.2022 to vacate the Hotel premises within 45 days. This was challenged by way of an appeal before Appellate Authority (District Magistrate, Srinagar). The Company went through several rounds of litigation with respect to the dispute, including the Supreme Court, J&K High Court. On 14.06.2022, the Estate Officer entered the Company's hotel premises and sealed the premises after evicting all the employees. The Company filed an appeal against the Order of the Appellate Authority by

filing a Writ Petition before the Hon'ble High Court of J&K on 15.07.2022. The High Court vide order 16.11.2022 disposed of the Writ Petition filed by the Company and referred the dispute to the AMRD mechanism. Consequently, a committee has been formed under the "Administrative Mechanism for Resolution of Disputes" by the Ministry of Civil Aviation.

In July 2023, as per the resolution under AMRD, the Centaur Lake View Hotel at Srinagar was handed over to the UT of J&K and all the permanent employees of the hotel were absorbed by the UT of J&K.

## MANAGEMENT DISCUSSION & ANALYSIS REPORT

A detailed Management Discussion and Analysis Report is given separately.

## DIRECTORS' RESPONSIBILITY STATEMENT:

Pursuant to the provisions of Section 134(5) of the Companies Act 2013, the Directors confirm that:

- In the preparation of the Annual Accounts, the applicable Accounting Standards had been followed along with proper explanation relating to material departures.
- The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the Company as at 31 March 2024 and of the Profit or Loss of the Company for that period.
- The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities to the best of the knowledge and ability of the Directors.
- The Company being an unlisted Company, provisions of Section 134(3)(e) are not applicable.
- That the annual accounts have been prepared on a "going concern" basis.
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable Laws and that such systems were adequate and operating effectively.

## CORPORATE GOVERNANCE

The Company has complied with the requirements of Corporate Governance with the exception of the appointment of Independent Directors on the Board. This matter is being pursued with the Administrative Ministry. The detailed Corporate Governance Report forms part of this Annual Report is annexed as **Annexure-A.**

## AUDITORS

## STATUTORY AUDITORS

M/s Jain Jagawat Kamdar & Co., Chartered Accountants, Mumbai was appointed as the Statutory Auditors of the Company for the financial year 2023-24 by the Comptroller & Auditor General of India in accordance with the provisions of the Section 139 of the Companies Act, 2013.

## SECRETARIAL AUDIT REPORT

Pursuant to the provisions of section 204 of the Companies Act 2013 and Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, the Company has appointed M/s Agarwal S. & Associate, Practicing Company Secretary, Delhi, to conduct a Secretarial Audit for the financial year 2023-24.

The Secretarial Audit Report for the financial year ended 31 March 2024 is enclosed at

**Annexure II**

Management's Reply on the observations contained in the Secretarial Audit Report

**Independent Directors**

(i) *As per Section-149(4) read with rule 4 of The Companies (Appointment and Qualification of Directors) rules, 2014 the Company has not appointed requisite number of Independent Director on the Board of the Company. Accordingly, separate meeting of Independent Directors could not be held per Clause VII of the Schedule IV of Companies Act 2013.*

(ii) *As per Section-177(2) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Audit Committee.*

(iii) *As per Section-178(1) of The Companies Act, the company has not constituted the Nomination and Remuneration Committee.*

(iv) *As per Section-178(1) of The Companies Act, the Company has not complied with the requirement of appointing Independent Director in the Nomination and Remuneration Committee.*

**Management's Comments- It is a statement of fact.**

There were no Independent Directors on the Board 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 for the period from1stApril, 2023 till 31st March,2024. As per the clause (97) of the Articles of Association of the Company, appointment of Directors on the Board of the Company shall be done by the administrative ministry, i.e. the Ministry of Civil Aviation in consultation with AI Assets Holding Limited and the Company has no say in the matter. In view of the same, the Company could not comply the requirement with respect to the composition of the Audit Committee and Nomination and Remuneration Committee of the Board as per the provisions of the Companies Act, 2013 due to non-appointment of Independent Directors for the said period.

(v) *That the Company has generally complied with Secretarial Standards issued by the Institute of Company Secretaries of India.*

**Management's Comments- It is a statement of fact.**

**INTERNAL AUDITOR**

Adequate internal financial controls are in place for ensuring the orderly and efficient conduct of its business, including adherence to the 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, which is commensurate with the operations of the Company.

M/s J K S S & Associates., Chartered Accountants, New Delhi have been appointed by the Board of Directors to review the business processes and controls to assess the adequacy of the internal control system, to ensure compliance with all applicable laws and regulations and, facilitate in optimum utilization of resources and protect the Company's assets for F.Y 2023-24.

## LOANS, GUARANTEES AND INVESTMENTS

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the provisions of Section 186 are not applicable to the Company.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

Exemption from the first and second proviso to sub-Section (1) of Section 188 with regard to obtaining approval of the Company in General Meeting, has been provided to a Government Company in respect of contracts or arrangements entered into by it with any other Government Company.

All Related Party Transactions are placed before the Audit Committee and also the Board for approval.

Particulars of contracts or arrangements or transactions in Form AOC-2 are attached here with as **Annexure-III.**

## REPORTING OF FRAUDS BY AUDITORS

There was no instance of fraud during the year under review, which required the Statutory Auditors to report to the Audit Committee and / or Board under Section 143(12) of Act and Rules framed thereunder.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

**(A)** Conservation of Energy & Technology Absorption: Your Company has made all efforts wherever possible for conservation of non-renewable sources of energy and utilizing the alternative sources of energy.

**(B)** Foreign Exchange Earnings and Outgo

| | **(INR)** |
|---|---|
| **EARNINGS** | **NIL** |
| **OUTGO** | **NIL** |

## RISK MANAGEMENT

The Company is in the process of formulating the Risk Management Policy with the following objectives:

- Provide an overview of the principles of Risk Management
- Explain the approach adopted by the Company for Risk Management

- Define the Organizational Structure for effective Risk Management
- Develop a "risk" culture that encourages all employees to identify risks and associated opportunities and to respond to them with effective actions
- Identify, assess and manage existing and new risks in a planned and coordinated manner with minimum disruption and cost, to protect and preserve Company's human, physical and financial assets.

## ANNUAL RETURN

In compliance with Section 92(3) and Section 134(3)(a) of the Act, a copy of your Company's Annual Return as on 31st March, 2024 will be hosted on the website of the Company at www.centaurhotels.com.

## MANAGEMENT

### DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP)

(i) The following changes have occurred in the constitution of Directors and KMP of the Company during the Financial Year 2023-24:

(ii)

| Sr. No | Name | Designation | Date of appointment | Date of cessation |
|---|---|---|---|---|
| 1. | Shri Satyendra Kumar Mishra | Chairman and Nominee Director | 01.03.2023 | 31.12.2024 |
| 2. | Shri Asangba Chuba Ao | Nominee Director<br>Chairman | 01.01.2024<br>05.03.2024 | 11.03.2025 |
| 3. | Shri Deepak Khullar | Chief Executive Officer | 05.11.2020 | 04.11.2024 |
| 4. | Smt. T.C. Dalal | Chief Financial Officer | 14.09.2015 | 30.06.2023 |
| 5. | Shri K Gopal Krishna | Chief Financial Officer | 01.07.2023 | - |

(ii) The following changes have occurred in the constitution of Directors and KMP of the Company after the end of the Financial Year 2023-24 and up to the date of the Report:

| Sr. No | Name | Designation | Date of appointment | Date of cessation |
|---|---|---|---|---|
| 1. | Shri Pranjol Chandra | Nominee Director | 11.01.2022 | 13.12.2024 |
| 2. | Shri Rohit Raj | Nominee Director | 18.03.2025 | - |
| 3. | Shri Amit Kumar | Nominee Director & Chairman | 13.03.2025 | - |
| 4. | Shri Brajesh Kumar Srivastava | Nominee Director | 14.12.2022 | 28.03.2025 |
| 5. | Smt Nayonika Dutta | Nominee Director | 28.03.2025 | - |
| 6. | Shri Shobhit Gupta | Chief Executive Officer | 26.11.2024 | 19.03.2025 |
| 7. | Shri Amit Kumar | Chief Executive Officer | 19.03.2025 | - |
| 8. | Ms. Sonam Gosain | Company Secretary | 06.12.2022 | 02.07.2025 |

**In view of the exemption granted vide Notification dated 5 June 2015 of the Ministry of Corporate Affairs, information on the following points have not been given:**

i. Performance Evaluation of Board, its committees and individuals

ii. Policy for selection and appointment of Directors and their remuneration

iii. Remuneration Policy - Remuneration to Executive Directors and Non-Executive Directors

iv. Related Party Transactions

Even though vide the above notification exemption has been granted to Government Companies from the application of First Provision to Section 188 i.e. to obtain approval of the shareholders in respect of contracts or arrangements entered into by it with any other Government Company, approval of the Board is required to be obtained for the same. Accordingly, the approval of the Board has been taken for Related Party Transactions entered with AI Assets Holding Limited

(AIAHL), AI Engineering Services Limited (AIESL), AIASL, AAAL. Omnibus approval for RPT has been accorded to AIAHL for 0.02Cr Income and 49.34Cr.towards Interest, for 1.85 Cr. Income to AIESL, 0.60 Cr. Income to AIASL, 0.35 Cr.income towards AAAL.

## MEETINGS OF THE BOARD OF DIRECTORS

As required under Section 173 of the Companies Act 2013, four Meetings of the Board of Directors of the Company were held during the Financial Year 2023-24 as detailed below, and the provisions of the Companies Act, 2013 were adhered to while considering the time gap between two Meetings.

Details of Board meetings are given below:

| Sr. No. | Date of Meeting | Board Strength | No. of Directors Present |
|---|---|---|---|
| 263 | 11th April 2023 | 4 | 3 |
| 264 | 28th June 2023 | 4 | 3 |
| 265 | 25th October 2023 | 4 | 3 |
| 266 | 20th December 2023 | 4 | 3 |

## AUDIT COMMITTEE

As on 31.03.2024, the following were the Members of the Audit Committee, in ex officio capacity:

| Sr. No | Particulars of the Director | Position Held in the Committee |
|---|---|---|
| 1. | Smt. Rubina Ali, Jt. Secretary, MoCA | Chairman |
| 2. | Shri Pranjol Chandra, Director, MoCA | Member |
| 3. | Shri Brajesh Kumar Srivastava,<br>Dy. Secretary, MoCA | Member |
| 4. | Shri AsangbaChubaAo<br>Jt. Secretary, MoCA and CMD AIAHL | Invitee |

The Board has accepted the recommendations of the Audit Committee.

## DECLARATION OF INDEPENDENCE

HCI is a Subsidiary of AI Assets Holding Limited. As per the provisions of Article 97 of the Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen all of whom shall be appointed by AI Assets Holding Limited/Administrative Ministry, who in turn can do so subject to the directions of the Government of India.

In view of the above provisions of the Articles, the Ministry of Civil Aviation has been requested to nominate Independent Directors on the Board of HCI, however, appointments are awaited.

## COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

The “nil comments” of the Comptroller and Auditor General of India under Section 143(6) (b) of the Companies Act, 2013 on the accounts of the Company for the year ended 31 March 2024 are enclosed to the report.

## COMPLIANCE WITH SECRETARIAL STANDARDS

The Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI) under Section 118(10) of Companies Act, 2013, were compiled with by your Company to the extent applicable.

## DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANKRUPTCY CODE 2016

During the year under review, there were no applications made or proceedings pending in the name of the Company under the Insolvency and Bankruptcy Code, 2016.

## DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one time settlement of Loans taken from Banks and Financial Institutions.

## ACKNOWLEDGEMENTS

The Directors wish to place on record their appreciation for the support and co-operation extended by the employees of the Company. The Board also wishes to acknowledge gratefully the support and guidance received from the Ministry of Civil Aviation and AI Assets Holding Limited. The Directors wish to thank the Comptroller and Auditor General of India, Chairman and members of the Audit, Board, Statutory Auditors and Banks.

**On Behalf of the Board of Directors**

**Sd/-**

**Amit Kumar**

**Chairman**

**Date: 06/08/2025**

**Place: New Delhi**

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

## ECONOMIC ENVIRONMENT:

The global economy remains remarkably resilient, with growth holding steady as inflation returns to target. Global tourism steadily improved during the year and most markets neared pre-pandemic levels. This remarkable turnaround was due to the relaxation and l lifting of restrictions of travel across countries and the sustained urge of the people to embark on their travel, business, education or vacation. Indian Tourism has also been driven by favourable demographics, increasing employment, higher disposable incomes of a young middle class, robust domestic demand, increased investments and improving infrastructure and connectivity. The travel & tourism sector has emerged as a major growth engine for the Indian economy. Indians have started traveling in great numbers, airports are crowded, hotels are well booked and there is renewed optimism in the future growth potential.

## GLOBAL ECONOMY: THE YEAR IN REVIEW:

The baseline forecast is for the world economy to continue growing at 3.2 percent during 2024 and 2025 at the same pace as in 2023. Advanced economies are expected to see an especially pronounced growth to rise, from 1.6 percent in 2023 to 1.7 percent in 2024 and 1.8 Percent in 2025 Global Inflation is forecast to decline steadily from 6.8percent in 2023 to 5.9percent in 2024 and 4.5 percent in 2025, advanced economies returning to their inflation targets sooner than emerging market and developing economies. (Source: IMF- World Economic Outlook – Apr 2024)

## INDIAN ECONOMY: THE YEAR IN REVIEW:

India’s economy carried forward the momentum it built in FY 2022-23 in to FY 2023-24 despite a gamut of global and external challenges. The focus on maintaining macroeconomic stability ensured that these challenges had minimal impact on India’s economy. As a result, India’s real GDP grew by 8.20 per cent in the FY 2023-24, posting growth of over 7 per cent for a third consecutive year driven by stable consumption demand and steadily improving investment demand. The growth has been inclusive with reduction in unemployment and multi-dimensional poverty and an increase in labour force participation. Overall, the Indian economy looks forward to FY 2024-25 optimistically, anticipating broad-based and inclusive growth. . The retail inflation during 2023-24 was 5.4 per cent and food inflation 7.5 percent

(Source: Economic Survey 2023-24).

## GLOBAL HOSPITALITY AND TOURISM INDUSTRY:

Tourist arrivals internationally for 2023 were 1286 million, an increase of 34% over 2022 according to data from the United Nations World Tourism Organization (UNWTO) International tourism recovered 88% % of pre-pandemic levels supported by strong pent-up demand.

An estimated 1.1 billion tourists travelled internationally between January and September 2024, an increase of 11% over the same months of 2023, international tourism receipts could reach USD 1.6 trillion in, about 95 % of the USD 1.7 trillion earned by destinations in 2019. These results reflect the strong recovery of demand in 2024.

(Source: UNWTO, Barometer January 2024).

**INDIAN HOSPITALITY AND TOURISM INDUSTRY:**

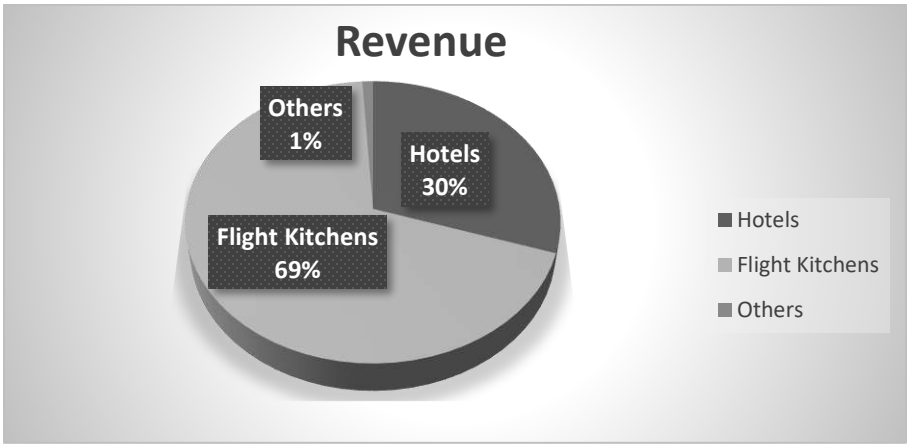
FY 2023-24 continued to be a year of strong recovery in the Indian travel and tourism industry, with Government initiatives, infrastructure development and global branding contributing to the success, To boost tourism in India, schemes like Swadesh Darchan2.0, Vibrant Village Programme, PRASHAD (Pilgrimage Rejuvenation and Spiritual Augmentation Drive) and Paryatan Mitra have been started. Consequently, demand for accommodation grew significantly, mainly arising from domestic leisure travel, weddings, social events, conferences and resumption of business travel within the country. Foreign tourist arrivals were 9.24 million for the calendar year 2023 in comparison with 6.44 million in 2022.

**OUTLOOK:**

International tourism is expected to fully recover pre-pandemic levels in 2024, The unleashing of remaining pent- up demand, increased air connectivity and a stronger recovery of Asian markets and destinations are expected to underpin a full recovery by the end of 2024

In the year 2023-24 the organized hotel sector in India witnessed an occupancy rate of 67.50% Indian Travelers have been discovering India in large numbers. Domestic tourism was key contributor to both Occupancy and ADR of Rs 8055 was achieved during 2023-24. Business travel bounced back too & flight operations touched a peek. India is positioned like never before to showcase our nation's cultural heritage, our unique and differentiated travel offerings and our safe and tourist friendly destinations, to the international community. Tourism will be one of the most important pillars of the nation’s growth with its multiplier effect on economic prosperity and employment generation.

**COMPANY’S OUTLOOK**




***Segment wise reporting for the year 2023-24:***

(₹ in millions)

| Particulars | Hotels | Flight Kitchens | Others | Total |
|---|---|---|---|---|
| **Revenue** | 188.50 | 437.66 | -6.01 | 632.17 |
| **Operating/Profit (Loss)** | ( 72.53) | 48.44 | (21.37) | (45.46) |
| **Net Profit/ (Loss)** | (126.22) | (59.17)3.70 | -516.33 | 638.85 |

Your Company improved its performance in FY 2023-24. Revenues increased by 15.50% and operating loss reduced by 75.18% % owing to increased room occupancy in the hotel segment. Higher upliftment of meal, and providing of meal at the T3 Lounges, lead to operating profit in the flight catering segment. The Net Loss reduced by 6.82 % over FY 2022-23.

**RISK MITIGATION STRATEGIES:**

The Company has embarked upon a journey to reduce its dependencies on Air India Limited

- It is augmenting its talent to enhance its operational standards.
- The Company is focusing on broad basing its clientele for the hotel by targeting businesses from Online Travel Agents, Corporates (FITs and Conferences), Weddings & Leisure. Similarly for its flight catering business, the Company has successfully garnered business from airlines.
- It is also making efforts to de-risk the business model by exploring other lines of business.

**INTERNAL CONTROL SYSTEMS:**

Your Company's Internal Auditors conduct an audit of the transactions of the Company periodically and ensure that recording and reporting is adequate and proper. -The Internal Audit also verifies whether internal controls and checks & balances in the systems are adequate, proper and up to date. Corrective actions for any weaknesses in

the system that may be disclosed by the Audits are taken. Management is exploring introduction of digitization and integration of key back-office processes and have initiated the process to roll-out the (Property Management System (PMS) software for Front office and Inventory management which would help to further enhance internal control mechanisms.

**HUMAN RESOURCE**

As on 31 March 2024, the Company had on its payroll a total of 195(post absorption of CLVH employees by the UT of J&K as per the AMRD order dated July 17th, 2023) permanent employees as against 435 as on 31 March 2024. The Company believes that the challenges surrounding the business environment can be best mitigated by a workforce that is motivated, nimble, adaptive to change, innovative and fast in learning.

**GOING CONCERN:**

The Company is taking all necessary measures to explore opportunities to enhance our toplines, reduce fixed costs and rationalize resources.

The Management believes that the catering revenues, weddings/ social market, and domestic corporate & leisure travel will be the mainstays of our business. The Company is also working towards enhancing the capacity utilization in the Chefair units by catering to the demand from airlines. The management is positive that with the help of the stakeholders and its Human resources, the Company would be able to turnaround.

*********

## CORPORATE GOVERNANCE

The company firmly believes in and has consistently practiced good Corporate Governance. The company's essential character is shaped by the values of transparency, professionalism, and accountability. The company is committed to attain the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures, and enhance all stakeholders' value within the framework of laws and regulations.

**1. Company's Philosophy on Code of Corporate Governance** the highest standard of Corporate Governance. The philosophy of the company in relation to Corporate Governance is to ensure transparency in all its operations, make disclosures and enhance all stakeholders' value within the framework of laws and regulations.

**2. Board of Directors**

Hotel Corporation of India Limited (HCI) is a Public Sector Undertaking, currently a subsidiary of AI Assets Holding Limited, under the Ministry of Civil Aviation. For the period 01.04.2021 to 11.01.2022, HCI was a subsidiary of Air India Limited (AI). However pursuant to the disinvestment of AI and the decision of AISAM, the investment of AI in HCI was transferred to AI Assets Holding Limited (AIAHL) on 11.01.2022 and accordingly Ministry of Civil Aviation (MoCA) reconstituted the Board of HCI by issuing OM dated 31.12.2021 followed by OM dated 11.01.2022, 27.01.2022, 11.02.2022, 14.12.2022, 28.02.2023 and 26.02.2024.

Its directors are appointed by the holding company / administrative ministry. As per the Articles of Association of the Company, the number of Directors shall not be less than three and not more than fifteen all of whom shall be appointed by the holding company / administrative ministry.
Accordingly, the composition of the Board of HCI as prescribed by MOCA vide its order dated 26.02.2024 is as follows:

**Board of Directors as on 31 March 2024**

| | |
|---|---|
| Shri Asangba Chuba Ao<br>Chairman & Managing Director | -Chairman & Nominee Director<br>AI Assets Holding Limited |
| Smt. Rubina Ali<br>Jt. Secretary<br>Ministry of Civil Aviation | - Nominee Director |
| Shri Pranjol Chandra<br>Director<br>Ministry of Civil Aviation | - Nominee Director |
| Shri Brajesh Kumar Srivastava-<br>Deputy Secretary<br>Ministry of Civil Aviation | -Nominee Director |

Further, in pursuance of OM dated 26.02.2024, Shri Asangba Chuba Ao was given the additional charge of CMD, AI Assets Holding w.e.f 01.01.2024and therefore eventually remained as the nominee director on the Board of HCI.

Since the reconstitution of the Board by MoCA vide order dated 26.02.2024, did not mention the position of the Chairperson, therefore HCI Board vide its Circular Resolution bearing No 65 dated 01.03.2024 had nominated Shri Asangba Chuba Ao, as the Chairperson on the Board of HCI and passed the requisite resolution till any further instruction from the MoCA/Holding Company.

The Board places on record its appreciation of the valuable services rendered by Shri Satyendra Kumar Mishra, JS, MoCA being CMD, AI Assets Holding Limited on the Board of the Company during their tenure.

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

**3.Board Meetings**

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

| | |
|---|---|
| 263 | 11th April, 2023 |
| 264 | 28thJune 2023 |
| 265 | 25thOctober 2023 |
| 266 | 20thDecember 2023 |

Particulars of Directors including their attendance at the Board/Shareholders' Meetings during the financial year 2023-24

| Name of the Director | Academic Qualifications | No. of Board Meetings held | No. of Board Meetings Attended | Last AGM Attended |
|---|---|---|---|---|
| Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation<br><br>(From 01st March 2023 till 31st Dec, 2023 | M.Tech (applied Geology) MA (in Public Policy) | 4 | 4 | Yes |

| Name of the Director | Academic Qualifications | No. of Board Meetings held | No. of Board Meetings Attended | Last AGM Attended |
|---|---|---|---|---|
| Shri Asangba Chuba Ao | MA(Eng. Litt.)&MA(Public Administration) | 0 | 0 | No |
| Smt. Rubina Ali Joint Secretary, Ministry of Civil Aviation (From 11th February 2022) | PGDM | 4 | 3 | Yes |
| Shri Pranjol Chandra, Director, Ministry of Civil Aviation (From 11th January 2022) | B. E. Mechanical | 4 | 3 | Yes |
| Brajesh Kumar Srivastava Deputy Secretary, MoCA (From 14th December 2022) | PGDM | 4 | 2 | Yes |

**Directorships and Memberships of Board Committees**

Details of Directorships and memberships in the various committees as held by the Directors of the Company are as under:

| Name of the Director | Academic Qualifications | Attendance in the Board Meetings held during the year | Details of Directorships held in other Companies | Memberships held in Committees |
|---|---|---|---|---|
| Shri Satyendra Kumar Mishra Jt. Secretary, Ministry of Civil Aviation<br><br>(From 01st March 2023 till 31/12/2023) | M.Tech (applied Geology)<br>MA (in Public Policy) | 4 | CMD<br>AI Assets Holding Limited<br><br>Chairman and Nominee Director<br><br>AI Airport Services Limited, | AIAHL<br>Chairman<br>Nomination and Remuneration Committee<br><br>AIASL<br>Chairman<br>Corporate Social Responsibility Committee<br>Member<br>Audit Committee |

| | | | | |
|---|---|---|---|---|
| | | | AI Engineering Services Limited,<br><br><br><br>Alliance Air Aviation Limited, | AIESL<br>Chairman<br>Corporate Social Responsibility Committee<br>Member<br>Audit Committee<br><br>AAAL<br>Chairman<br>HR Committee<br>Flight Safety Committee<br>Member<br>Audit Committee |
| Smt. Rubina Ali Joint Secretary, Ministry of Civil Aviation (From 11th February 2022) | PGDM | 3 | Director | HCI<br>Member<br>Audit Committee |

| Name of the Director | Academic Qualifications | Attendance in the Board Meetings held during the year | Details of Directorships held in other Companies | Memberships held in Committees |
|---|---|---|---|---|
| Shri Pranjol Chandra, Director, Ministry of Civil Aviation (From 11th January 2022) | B. E. Mechanical | 3 | Director<br><br>Alliance Air Aviation Limited, | <br><br>AAAL<br>Member<br>Audit Committee<br>HR Committee<br>Flight Safety Committee<br><br>HCI<br>Member<br>Audit Committee |
| Brajesh Kumar Srivastava Deputy Secretary, MoCA (From 14th December 2022) | PGDM | 2 | Director<br>Alliance Air Aviation Limited | <br>AAAL<br>Member<br>Audit Committee<br>HR Committee<br>Flight Safety Committee<br><br>HCI<br>Member<br>Audit Committee |

## 4. BOARD PROCEDURE

The meetings of the Board of Directors were generally held at 2nd Floor, Board Room, Air India Reservation Building, in New Delhi or at any other place at the convenience of the director via Video Conferencing (VC) or physically. The meetings are scheduled well in advance. In case of exigencies or urgency, resolutions are passed by circulation. The Board meets at least once a quarter to review the operating performance of the Company. The agenda for the meetings are prepared by the officials of the concerned departments and approved by the CEO & the Chairman. The Board papers are circulated to the Directors in advance. The members of the Board have access to all information and are free to recommend the inclusion of any matter on the agenda for discussion. Senior executives are invited to attend the Board meetings and provide clarification as and when required. Action Taken Reports are put up to the Board periodically. To enable better and more focused attention on the affairs of the Company, the Board delegates certain matters to committees of the Board set up for the purpose.

## 5. CODE OF CONDUCT

In terms of requirements of DPE guidelines on Corporate Governance for CPSEs, the Board has adopted Code of Conduct for the Directors and Senior Management. There is a system of affirming compliance with the Code by the Board Members and Senior Management Personnel

of the Company. A declaration of compliance signed by the Chief Executive Officer of the Company is enclosed with the Report.

## 6. BOARD COMMITTEES

### AUDIT COMMITTEE

As on 31 March 2024, the following were the Members of the Audit Committee:

| | |
|---|---|
| Smt. Rubina Ali, Joint Secretary, MoCA | Chairperson |
| Shri. Pranjol Chandra, Director, MoCA | Member |
| Shri Brajesh Kumar Srivastava, Dy. Secretary, MoCA | Member |
| Shri. Asangba Chuba Ao, (CMD AIAHL) | Invitee |

The quorum for the meeting of Audit Committee would be 1/3rd of the total strength or 2 whichever is higher. During the year under report, four meetings of the audit committee were held.

The terms of reference of this Committee are:

- To recommend for appointment, remuneration and terms of appointment of auditors of the Company;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To review the Internal Audit program & ensure co-ordination between the Internal & External Auditors as well as determine whether the Internal Audit function is commensurate with the size and nature of the Company's Business;
- To discuss with the Auditor before the audit commences the nature & scope of the audit;
- To examine the financial statements and the auditors' report thereon;
- To review the Statutory Auditor's Report, Management's response thereto and to take steps to ensure implementation of the recommendations of the Statutory Auditors;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and related matters.
- To consider any other matter as desired by the Board.

**Meetings of the Audit Committee**

The Audit Committee met Four times during the year to review various issues including inter alia Financial Statements of the Company for the year before submission to the Board, as per details given below:

| | |
|---|---|
| 44th Audit Committee Meeting | 11thApril 2023 |
| 45th Audit Committee Meeting | 28th June 2023 |
| 46th Audit Committee Meeting | 25th October 2023 |
| 47thAudit Committee Meeting | 20th December, 2023 |

**Annual General Meetings during the last three years**

The details of these meetings are given below:

| No. of meeting | Date and time of the Meeting | Venue |
|---|---|---|
| 52nd Adjourned AGM | 20th May 2024 at 11:00 hrs | Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037 |
| 52nd AGM | 21st December 2023 at 12:00hrs | Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037 |
| 51st Annual General Meeting | 30th December 2022 at 12:30 hrs | Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037 |
| 51st Adjourned Annual General Meeting | 15th February 2023 at 10:00hrs | Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037 |
| 50th Annual General Meeting | 30th September 2021 at 11:30 hrs | 1st floor, Transport Annex Building, AirIndia Complex, Old Airport, Santa Cruz(E), Mumbai-400 029 |
| Extra Ordinary General Meeting | 13th January 2022 at 15:00hrs | Hotel Centaur Premises, Indira Gandhi International Airport, New Delhi-110037 |

## 7. DISCLOSURES AND STATUTORY COMPLIANCES

Adequate Disclosures pertaining to Director's interest, related party transactions, maintenance of statutory registers have been taken and placed periodically before the Board of Directors to take informed decisions, with the Board following a clear policy of specific delegation and authorization of designated officers to handle the business matters. MCA Filings with respect to disclosures, intimations, allotments and appointments have been made in a time bound manner with no pending matters.

**8. CEO/CFO Declaration:**

The Chief Executive Officer and Chief Financial Officer have certified in writing with respect to the truth and fairness of the Financial Statements, due compliances, and financial reporting which was placed before the Board & Audit Committee and forms part of this report

**Sd/-**
**Amit Kumar**

**Chairman**
**Hotel Corporation of India Limited**

**Date: 06/08/2025**

**Place: New Delhi**

# CODE OF CONDUCT

## DECLARATION

I hereby declare that all the Board Members & Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors for the year ended 31st March 2024.

**Sd/-**
**Deepak Khullar**
**Chief Executive Officer**
**Hotel Corporation of India Limited**

**Date: 30.04.2024**
**Place: New Delhi**

## DECLARATION BY CHIEF EXECUTIVE OFFICER & CHIEF FINANCIAL OFFICER

To,

The Board of Directors,

Hotel Corporation of India Limited,

We, Shobhit Gupta, Chief Executive Officer and K. Gopalkrishna, Chief Financial Officer of Hotel Corporation of India Limited (hereinafter "the Company"), do hereby certify that:

1. We have reviewed the financial statements for the year 2023-24, and that to the best of our knowledge and belief:

   a) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   b) these statements give a true and fair view of the state of affairs of the Company and of the results of operations and cash flows. The financial statements have been prepared in conformity, in all material respects, with the existing generally accepted accounting principles including Accounting Standards, applicable laws and regulations.

2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

3. We accept overall responsibility for the Company's internal control system for financial reporting. This is monitored by the internal audit function, which encompasses the examination and evaluation of the adequacy and effectiveness. Internal audit works with all levels of management and statutory auditors, and reports significant issues to the Audit Committee of the Board of Directors.

   The Auditors and Audit Committee are apprised of any corrective action taken with regard to significant deficiencies and material weaknesses.

4. We indicate to the Auditors and to the Audit Committee:

   a) Significant changes in internal control over financial reporting during the year;

   b) Significant changes in accounting policies during the year;

5. We further declare that all Board Members and Senior Managerial Personnel have affirmed compliance with the code of conduct during the year ended 31st March 2024.

**For Hotel Corporation of India Limited**

| | |
|---|---|
| **Sd/-** | **Sd/-** |
| **Shobhit Gupta** | **K. Gopalkrishna** |
| Chief Executive Officer | Chief Financial Officer |
| PAN:AFUPG0617A | PAN:AE1PK8939C |

Date:10.02.2025
Place: New Delhi

## Annexure B to Directors' Report for the year 2023-24

**Form No. AOC-2(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

1. Details of contracts or arrangements or transactions not at arm's length basis:

   There were no contracts or arrangements or transactions entered during the year ended March 31, 2024, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at arm's length basis.

   All contracts /arrangements / transactions entered by the Company with related parties under Section 188(1) of the Act during the financial year 2023-24 were on an arm's length basis, in the ordinary course of business which were duly approved in the 266th Board Meeting of the Company held on 20th December 2023. The details of contracts or arrangements or transactions at arm's length basis are as follows:

| **Name of Related Party & Nature of Relationship with Hotel Corporation of India Limited** | **Nature of Transaction** | **Duration of Transaction** | **Salient terms of transaction** | **Amount Rs. (In Crores)** |
|---|---|---|---|---|
| AI Assets Holding Ltd (AIAHL) Holding | Finance Cost – Interest on Loans<br><br>Revenue earned from Hotel Accommodation and Catering Services | 1st April 2023 -31st March 2024 | The related party transactions (RPTs) entered during the year was in the ordinary course of business and on arms length basis | 49.34<br><br>0.02 |
| AI Engineering Services Ltd (AIESL) *Fellow Subsidiary* (Subsidiary of AIAHL) | Revenue earned from Hotel Accommodation and Catering Services | 1st April 2023 -31st March 2024 | | 1.85 |
| AI Airport Services Ltd (AIASL) *Fellow Subsidiary* (Subsidiary of AIAHL.) | Revenue earned from Hotel Accommodation and Catering Services | 1st April 2023 -31st March 2024 | | 0.60 |

| | | | | |
|---|---|---|---|---|
| Alliance Air Aviation Limited (AAAL) *Fellow Subsidiary* (Subsidiary of AIAHL.) | Revenue earned from Hotel Accommodation and Catering Services | 1st April 2023 -31st March 2024 | | 0.35 |

**For and on behalf of the Board**

**Sd/-**
**Amit Kumar**
**Chairman**

**Date: 06.08.2025**
**Place: New Delhi**

# Secretarial Audit Report
## For the financial year ended 31st March, 2024

{Pursuant to Section 204(1) of the Companies Act, 2013 and
Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014}

**To,**
**The Members,**
**Hotel Corporation of India Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Hotel Corporation of India Limited** (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2024 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2024 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;
(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - **Not Applicable**
(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):- **Not Applicable**
(a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
(b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
(d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
(e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021;
(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(Vi) The Management of the Company, vide Management Representation Letter dated 27.05.2025, has confirmed that the Company is in compliance with the provisions of the following laws, which are applicable specifically to the company:

a). The Prevention of Food Adulteration Act, 1954
b). Food Safety and Standards Act, 2006
c). Hotel Insurance Policy

(Vii) Compliances/ processes/ systems under other applicable Laws to the Company are being verified on the basis of random sampling and as per compliance certificate submitted to the Board.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by the Institute of Company Secretaries of India.
(ii) The SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015- **Not Applicable.**

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except to the extent.

1. As per Section-149(4) read with rule 4 of the Companies (Appointment and Qualification of Directors) rules, 2014 the Company has not appointed requisite number of Independent Directors on the Board of the company.
2. As per Section-177(2) of The Companies Act 2013, the Company has not complied with the requirement of appointing Independent Director in the Audit Committee.
3. As per Section-178(1) of The Companies Act 2013, the company has not constituted the Nomination and Remuneration Committee.
4. As per Section-178(1) of The Companies Act 2013, the Company has not complied with the requirement of appointing Independent Director in the Nomination and Remuneration Committee.
5. That the Company has generally complied with Secretarial Standard issued by the Institute of Company Secretaries of India.

**We further report that** the Board of Directors of the Company is constituted with Non-Executive Directors only. The changes in the composition of the Board of Directors that took place during

the period under review were carried out in compliance with the provisions of the Act except the Company has not appointed requisite number of Independent Director on the Board of the Company.

Generally, adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period, there were no specific events/actions having a major bearing on the Company's affairs in pursuance of the above referred laws.

For **Agarwal S. & Associates**,
Company Secretaries,
*ICSI Unique Code: P2003DE049100*
*Peer Review Cert. No. 2725/2022*

**Sd/-**
**CS Ravi Agrawal**
**Partner**
**ACS No.: 75135**
**C.P No.: 27749**

**Place: New Delhi**
**Date: 02.06.2025**

This report is to be read with our letter of even date which is annexed as “Annexure A” and forms an integral part of this report.

**"Annexure A"**

**To,**
**The Members,**
**Hotel Corporation of India Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our Audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.
6. The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Agarwal S. & Associates**,
Company Secretaries,
*ICSI Unique Code: P2003DE049100*
*Peer Review Cert. No. 2725/2022*

**Sd/-**
CS Ravi Agrawal
Partner
ACS No.: 75135
C.P No.: 27749

Place: New Delhi
Date: 02.06.2025

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF HOTEL CORPORATION OF INDIA LIMITED FOR THE YEAR ENDED 31 MARCH 2024**

The preparation of financial statements of HOTEL CORPORATION OF INDIA LIMITED for the year ended 31 March 2024 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutogy auditor appointed by the Comptroller and Auditor General of India under section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 28 February 2025.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the financial statements of HOTEL CORPORATION OF INDIA LIMITED for the year ended 31 March 2024 under section 143(6)(a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under section 143(6)(b) of the Act.

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

(Pramod Kumar)

Addl. Dy. Comptroller and Auditor General
(Infrastructure), New Delhi

Place: New Delhi
Dated: 09.May.2025

# INDEPENDENT AUDITOR'S REPORT

**To**

**The Members of**

**HOTEL CORPORATION OF INDIA LIMITED**

## Report on the Audit of the Standalone Financial Statements

### Qualified Opinion

We have audited the standalone financial statements of HOTEL CORPORATION OF INDIA LIMITED (the "Company"), which comprise the standalone balance sheet as at 31 March 2024, and the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, except of the matter(s) described in Basis for Qualified Opinion section, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Qualified Opinion

We draw attention to the matters described as below the effects of misstatements and possible effects of undetected misstatements on the financial statements due to inability to obtain sufficient and appropriate audit evidence which are material but, not pervasive either individually or in aggregate.

1. **Implementation of AMRD order on resolution of Centaur Lake View Hotel (CLVH)**
    - 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 July 17, 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 | Amount in Crores |
|---|---|---|
| 1. | Valuation of CLVH at Net Block as of 31.03.2022 | 6.07 |
| 2. | Employee liability for the Govt. of J&K from 01.03.2023 onwards | 17.58* |
| 3. | Salary payments for workers (March-June 2023) | 3.08 |
| | **Total payable by UT of J&K (Agreed Liabilities)** | **26.73** |

* 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 - ₹19.69 crore 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 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.

(**Refer note no. 32 of Standalone Financial Statements)**

Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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.

*The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2024 and total revenue of Rs. 35.68 million for the year end.*

*Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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.*

**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 except for manual records. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation.

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 31 March 2024 and the related disclosures in the financial statements.

Further the valuation of regular consumed inventory is derived as 50% cost of the closing inventory at year end, instead of any proper standard mechanism for arriving at closing valuation of inventory.

***(Refer note no. 06 & 47 of the Standalone Financial Statements)***

**3. MSMED Act compliances**

The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of provision for interest, if

any, on outstanding dues to MSME units has been declared via notes and shall be paid as and when demanded by the vendor.

***(Refer note no. 18 & 44 of the Standalone Financial Statements).***

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act 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 is sufficient and appropriate to provide a basis for our qualified opinion on the standalone financial statements.

Our opinion is not modified in respect of this matter

**Emphasis of Matter**

We draw attention to:

1. **Amount Receivables:**

   The Company has sent letters/e-mails for confirmation of balances, whereas responses are received by the management. However, the whole process of obtaining confirmations need to be further strengthened. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. (Refer note no.7 & 37 of Standalone Financial Statements)

- 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 item 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.

- Agreed Receivable from UT of J&K amounting to Rs 26.73 Cr was not received during the year. However, few transactions amounting to Rs 1.46 Cr towards gratuity payment and receipts from debtors amounting to Rs 0.07 Cr and Bank interest amounting to Rs 0.008 Cr have been incurred by the company on behalf of CLVH during the year.

- Regular Customers are having debit balances 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.

**2. Amount Payables:**

- Company is 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. (Refer note no. 18 & 37 of Standalone Financial Statements)

- 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 standalone financial statements.

**3. Untraceable Employee Advance**

- Amount receivable from Staff amounting to Rs 3.63 lakhs is outstanding from more than 5 years. The management is unable to identify the recoverable dues and persons for recovery of the same. 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

**4. Loss/shortage of Property, Plant & Equipment**

- Records maintained for Property Plant Equipment (Fixed Assets) are not properly updated as per their Item/Quantity wise. Physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2023-24). Further, the quantity shown in the physical verification report are not matching with the quantities shown under the valuation report. Due to non-tagging of Fixed Assets and no proper item wise details reconciliations with the Books of Accounts or Fixed Assets Records would be difficult to identify (if any). Hence impact of loss/ shortage/ scrap of assets remains indeterminable. (Refer note no.2A & 46 of Standalone Financial Statements)

**5. Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL**

- Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent

Liability and are not in conformity with the accounting principles generally accepted in India. (Refer note no. 15, 17 & 31(ix) of Standalone Financial Statements).

**6. Provision of Wage Revision of Differential Liability**

- The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2024 is ₹146.36 million. The Management had announced an interim relief of ₹5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to ₹70.74 million as on 31.03.2024. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. (Refer note no.12, 19, 20, 31 & 34)

**7. 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.

**8. 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 28th December, 2023 for financial year 2022-2023.

**9. Event Occurred after Balance Sheet Date**

- A court order was passed on 4th Nov 2024 against the company in a case N. S Associates Private Limited Vs Hotel Corporation of India (shown as Contingent liability), for which the liability was determined and therefore, a total provision for Rs 1.98 Cr upto 05.08.2024

[award amount (Rs. 88,43,952/-) + interest amount @ 12% per annum from 01.10.2014 to 05.08.2024 (Rs. 1,04,22,971/-) + cost (Rs. 5.0 lakhs)] was made in the books of accounts.

- Funding: Ministry of Civil Aviation via its order no. AV.17046/60/2023-AI dated 15th July 2024 had advanced an amount of Rs 57.14 Cr from contingency fund of India to AIAHL for onward investment to its subsidiary HCI towards payment of statutory dues & overdue vendor payments and wages arrears to employee (retired/ Serving)

**10. Some Inconsistencies in Accounting Records:**

During our review of the accounting records, we noted some discrepancies, incomplete entries, and areas requiring reconciliations/clarifications. These include instances of incorrect accounting entries, unclear documentation, and transactions recorded in incorrect periods. Some entries appear to be misallocated, and certain supporting documentation is missing, which could affect the accuracy and transparency of the financial records. GST return data was maintained manually and the same is Not reconciled with the Books of Accounts The company is in the process of Reconciliation and filing of the GST Annual returns

The misalignment of entries across periods presents challenges to maintaining the consistency of the financial statements. Addressing these matters, would resolve ambiguities which are important to ensure the reliability of our financial reporting. We recommend timely attention to these matters to enhance the integrity of the accounting records.

**11. 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.
- 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. (Refer note no. 47 & 48)
- The above non-compliance was also reported us in our previous audit report dated 28th December, 2023 for financial year 2022-2023.

**12. 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.

**13. Going Concern**

- The Company has incurred a net loss of ₹638.86million during the year ended March 31, 2024 and, as of that date, the Company's current liabilities exceeds its total assets by ₹670.63 million and it has accumulated losses of ₹8839.09 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.

***(Refer note no. 52)***

Our opinion is not modified in respect of above matter

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Standalone Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Financial Statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matter. We have determined the matters described below to be the key audit matters to be communicated in our report:

| Sr. No. | Key Audit Matter | How the auditor addresses the Key Audit matter |
|---|---|---|
| 1 | **Going Concern**<br>The company is in loss, net worth is fully eroded, going concern needs to be examined. | As per the management projection and clarification, management are of the view that though the company is in a loss but continuous support Government of India will ensure the company runs its business as going concern. Also, the Company has signed Master Service Agreements with Air India which is valid up to 31.03.2025 and a new customer has been on-boarded i.e. Spicejet Limited with Catering Agreement up to 01.05.2025 which ensures that company will be able to run its business as going concern in near future.<br>***(Refer note no. 52(iii)).***<br>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.<br>Refurbishment of existing 30 Guest Rooms at Centaur Hotel Delhi are in process to increase the occupancy level.<br>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. |
| | **Contingent Liabilities:**<br>There are various litigations pending before various forums | We have obtained an understanding of the Company's internal instructions and procedures in respect of estimation and disclosure of contingent |

| | | |
|---|---|---|
| | against the Company and management's judgement is required for estimating the amount to be disclosed as contingent liability.<br>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.<br>***Refer note no. 30*** of the Standalone Financial | liabilities and adopted the following audit procedures:<br>- understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases;<br>- discussing with management any material developments and latest status of legal matters<br>- 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 |
| | Statements. | procedures on calculations supporting the disclosure of contingent liabilities;<br>- examining management's judgements and assessments whether provisions are required;<br>- considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote<br>- reviewing the adequacy and completeness of disclosures<br>Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable |
| | **Uncertain Taxation Matters**<br>The Company has material uncertain tax matters under dispute which involves significant judgement to determine the possible outcome of these disputes. | We assessed the management's underlying assumptions in estimating the tax provision and the possible outcome of the disputes.<br>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. |
| | **Other Matter – Goods and Service Tax** | In certain units, the Company has received advances from its customers, on which GST has not deposited as per provisions of Goods and Services Tax Act/Rules, the amount whereof is not ascertainable and quantifiable in absence of appropriate records.<br>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. |

| | | |
|---|---|---|
| | | In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records. |

Our opinion is not modified with respect of above matter

**Information other than the Standalone Financial Statements and Auditors' Report thereon**

The Company's Management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the 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 Standalone Financial Statements and our auditor's report thereon

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**Management's and Board of Directors' Responsibility for the Standalone Financial Statements**

The Company's Management and Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone Financial Statements that give a true and fair view of the Financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with accounting principles generally accepted in India,

including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules 2015 as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the company and for preventing and detecting frauds and other irregularities, selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Financial Statements that give a true and fair view and are free from material misstatements, whether due to fraud or error.

In preparing the Standalone Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either

intends to liquidate the Company or to cease the operations or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 standalone 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 Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to 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 the Management and Board of Director.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of standalone financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements

represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matter 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.

**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 Act and on the basis of such checks of the books and records of the Company as we have considered appropriate and according to the information and explanation given to us, we give in the "Annexure-A" statement on the matters Specified in paragraphs 3 and 4 of the Order to the extent applicable.

2. We are enclosing our report in terms of section 143(5) of the Act, on the basis of such checks of the books and records of the Company as we Considered appropriate and according to the information and explanation given to us, in the "Annexure–B" on the directions/ sub directions issued by the Comptroller and Auditor General of India

3. (A) As required by section 143(3) of the Act, and subject to matters described in *Qualified opinion, Emphasis matters, Key Audit matters & Other matters sections stated above we report that:*

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books and proper returns

adequate for the purposes of our audit have been received from the branches not visited by us.

c) The standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account and with the returns received from the branches, not visited by us.

d) In our opinion, the aforesaid Standalone Financial Statements Comply with the Indian Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015 as amended.

e) Being a Government Company, pursuant to notifications NO. GSR 463 ( E ) dated 05th June 2015 Issued by the Ministry of corporate Affairs, Government of India, provisions of sub section(2) of section 164 of the Act, are not applicable to the Company.

f) Matters of Qualifications have been stated above under qualified opinion.

g) With respect to the adequacy of the Internal Financial Controls over financial Reporting of the company and the operating effectiveness of such controls, refer to our separate report in “Annexure-C”.

(B). As per Notification no. GSR 463(E) dated June 05, 2015 issued by the Ministry of Corporate Affairs, Government of India, Section 197 of the Act is not applicable to the Government Companies. Accordingly reporting in accordance with requirement of provisions of section 197(16) of the Act is not applicable on the Company. With respect to 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:

i. The Company has disclosed the impact of pending litigations as at 31st March, 2024 on its financial position in Standalone Financial Statements – Refer note no - 31 of the standalone financial statements.

ii. The Company 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 Company.

iv. (i) The management has represented that, to the best of its knowledge and belief, other than as disclosed, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (“Ultimate Beneficiaries”) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(ii) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall:

• 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 from or on behalf of the Ultimate Beneficiaries.

(iii) Based on such audit procedures as considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub clause (i) and (ii) of Rule 11(e) of the Companies (Audit and Auditor's) Rules, 2014 contain any material mis-statement.

v. No dividend has been declared or paid during the year by the company hence compliance of section 123 of the Companies Act, 2013 are not applicable.

vi. Audit Trail

Based on our examination which included test checks, the Company has used an accounting software (Tally Prime) for maintaining its books of account which has a feature of recording audit trail (edit log) facility except that audit trail was not enabled at the database level to log any direct changes for the accounting software used for maintaining the books of account. For accounting software for which audit trail feature is enabled, the audit trail facility has been operating throughout the year for all relevant transactions recorded in the software and we did not come across any instance of audit trail feature being tampered with during the course of our audit.

**For Jain Jagawat Kamdar & Co.**

**Chartered Accountants**
**FRN: 122530W**

**Sd/-**
**CA AGNEL RODRIGUES**
Partner
M.No. 156128
UDIN: 25156128BMIHLB5613

Date: 28.02.2025
Place : Mumbai

**Annexure A to the Independent Auditor's Report on Standalone Financial Statements of Hotel Corporation of India Limited for the year ended 31st March 2024**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory requirements' section our report of even date)**

i. **Property, Plant & Equipment:**

(a) (A) The Company has generally maintained proper records showing full particulars, except for some Assets Wherein Quantity wise details of such Property, Plant and Equipment is not updated.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two years, the same was conducted during FY 2023-2024. Discrepancies were noticed relating to identification of assets in terms of location, quantity, tagging etc.

(c) According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of four (4) residential flats in Sher –e- Punjab Society, Andheri (E), Mumbai the deed conveying / transferring the land and the said Building to society is not yet executed. Further these 4 flats have been illegally occupied by the owner of adjacent Flat. (Refer note 2A)

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment during the year.

(e) According to information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

**ii. Verification from the Inventories**

(a) The inventory, comprising of raw materials, Stores and Operating Supplies has been physically verified by the management only at year end. In our opinion, the frequency of such verification is reasonable, and procedures and coverage as followed by management were appropriate based on the operation conducted.

Further as per prevailing practice of the Company, Consumption of stocks, stores, crockery, cutlery etc. is being worked out by adding opening balances to purchases and deducting therefrom Closing Stock based on Physical Verification and hence shortage, misuse, theft, wastage/pilferage etc. is not identified and shown as consumption. Closing Stock of inventory are valued at 50% of the Cost of physical inventory held.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees, in aggregate, from banks on the basis of security of current assets. Therefore, reporting under paragraph 3(ii) (b) of the Order are not applicable.

iii. **Investments, Guarantees, Loans and Advances**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made investments, granted loans and advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties in respect of which the requisite information is as below. The Company has not provided any guarantee or security, to companies, limited liability partnership or any other parties during the year.

(a) During the year the Company has not provided loans advances in the nature of loans stood guarantee or provided security to companies, firms, Limited Liability Partnerships (LLP) or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) of the Order is not applicable to the Company

(b) During the year the Company has not made any investments in companies, firms, Limited Liability Partnerships or any other parties which are prejudicial to the Company's interest. The Company has not provided guarantees provided security and granted loans and advances to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, the requirement to report on clause 3(iii)(b) of the Order is not applicable to the Company

(c) The Company has not granted loans and advances in the nature of loans to companies, firms, Limited Liability Partnerships (LLP) or any other parties. Accordingly, the requirement to report on clause 3(iii)(a) (b) and (c) of the Order is not applicable to the Company.

**iv. Compliances of Section 185/ 186 of Companies Act, 2013:**

According to the information and explanations given to us and on the basis of our examination of records of the Company, the Company has not granted any loans, made investments or provided guarantees or securities and hence reporting under clause (iv) of the Order is not applicable.

**v. Acceptance of Public Deposits:**

As per the information and explanation provided to us, the Company has not accepted any deposits from public and outstanding during the year. Hence the Directives issued by Reserve Bank of India and the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act, 2013 and Rules made thereunder are not attracted to the Company. Accordingly, Clause 3 (v) of the order is not applicable.

**vi. Maintenance of Cost Records:**

As per the information and explanation given to us, maintenance of Cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act,

2013. Accordingly, the provisions of Clause 3(VI) of the Order are not applicable to the Company.

**vii. Statutory dues**

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Labour cess, Professional tax, Property tax, Cess and other statutory dues have generally been regularly deposited with the appropriate authorities except Provident Fund As explained to us, the Company did not have any dues on account of wealth tax and Custom duty.

(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2024 except provident Fund for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:

| Nature of Statute | Nature of Dues | Amount in Dispute (₹ in Mns) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Luxury Tax | Tax | 2.18 | 2000-2001 | Additional Commissioner Sales Tax (Appeals) |
| | Less: Paid | (0.88) | | |
| | Total | 1.3 | | |
| Luxury Tax | Tax | 6.51 | 2000-2001 | Additional Commissioner Sales Tax (Appeals) |
| | Interest | 9.33 | | |
| | Penalty | 0.01 | | |
| | Less: Paid | (2.53) | | |
| | Total | 13.31 | | |
| Luxury Tax | Tax | 1.98 | 2002-2003 | Commissioner of Sales Tax (Appeals) |
| | Interest | 2.08 | | |
| | Penalty | 0.1 | | |
| | Less: Paid | (3.03) | | |
| | Total | 1.13 | | |
| Luxury Tax | Tax | 0.7 | 2002-2003 | Commissioner of Sales Tax (Appeals) |
| | Penalty | 0.01 | | |
| | Less: Paid | (0.63) | | |
| | Total | 0.08 | | |
| Service Tax | Tax | 2.76 | July 2012 to March 2013 | Commissioner of Central Excise Appellate-II |

| | | | | |
|---|---|---|---|---|
| Service Tax | Tax | 5.11 | 2013-2014 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 6.07 | 2014-2015 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 7.83 | 2015-2016 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 7.86 | 2016-2017 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 0.68 | 2017-2018 (Up to June 2017) | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 7.84 | 2010-2011 to 2013-2014 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 3.92 | 2014-2015 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 5.52 | 2015-2016 | Commissioner of Central Excise Appellate-II |
| Service Tax | Tax | 10.43 | 2016-2017 & 2017-2018 | Commissioner of Central Excise Appellate-II |
| Provident Fund | Demand | 22.29 | 2012-2013 to 2015-2016 | Provident Fund Tribunal - Delhi |
| | Interest | 5.98 | | |
| | Less: Paid | (5.98) | | |
| | Total | 22.29 | | |

**viii.** Transactions not recorded in Book:

According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

**ix.** Borrowings from Banks/ Financial Institutions:

According to the information given to us and based on our examination of Books and records of the Company, the Company has not taken any loans or has not borrowed any amount from financial institutions or banks or by issue of Debentures. Accordingly clause 3(ix) (a),(b),(c),(d),(e),&(f) of the order are not applicable.

**x.** Public Offer/ Preferential allotment/ Private Placement:

(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) As per the information and explanation given to us, and based on our examination of records, Company has not made any preferential allotment or private placement of shares under Section 42 and 62 of the Companies Act, 2013. Accordingly, Clause 3(x)(b) of the order is not applicable to the Company.

**xi.** Fraud by the Company/ on the Company:

(a) According to information and explanation given to us, and as represented by the Management and based on our examination of the books and records of the Company and in accordance with generally accepted auditing practices in India, and considering the principles of materiality outlined in Standards on Auditing no case of frauds by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As Auditor, we did not receive any whistle blower complaints during the year 2023-24. Therefore, the provisions of Clause 3 (xi) c of the order is not applicable.

**xii. Provisions applicable to Nidhi Company**

According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, provisions of Clause 3(xii)(a)(b)(c) of the Order, for Nidhi Company, are not applicable to the Company.

**xiii. Compliances of sections 177/188 of CO's Act**

As per the information and explanation given to us, the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non-compliance with section 177(iv) of the Act.

The Company has complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.

**xiv. Internal Audit**

(a) As per the information and explanation given to us, the Company has internal audit system commensurate with the size and nature of its business.

(b) Reports of Internal Auditors for the period under audit were considered by us and compliance of some observations were still pending which are operational in nature.

**xv. Non cash transactions with directors**

As per the information and explanation given to us, the Company has not entered into any non-cash transactions with Directors or persons connected with them and hence provisions of Section 192 of the Companies Act are not applicable.

**xvi. Applicability of section 45-1A of RBI**

As per the information and explanation given to us-

(a) Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, Clause 3 (XVI) (a) of the order is not applicable.

(b) Company has not conducted any Non- Banking Financial or Housing Finance activities. Accordingly, Clause 3 (XVI) (b) of the order is not applicable.

(c) Company is not a Core Investment Company (CIC) as defined in the Regulations made by Reserve Bank of India. Accordingly, Clause 3 (XVI) (c) of the order is not applicable.

(d) Group has no CIC as part of Group. Accordingly, clause 3 (XVI)(d) of the order is not applicable.

**xvii. Cash Losses:**

The Company has incurred Cash losses to the tune of ₹ 597.50 million in the Financial Year 2023-24, there were cash losses of ₹ 646.80 million in the immediately preceding Financial year 2022-23.

**xviii. Resignation of Statutory Auditors:**

During the year there was no change in Statutory Auditors of the company. The re-appointment for FY 2023-2024 has been done as per CAG letter No./CA. V/COY/CENTRAL GOVERNMENT, HOTELC (1) /342 dated 13-09-2023.

**xix. Capability of meeting the liabilities:**

According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we draw attention that the Company has incurred a net losses , Company's current liabilities exceeds its total assets and it has accumulated losses which has resulted in complete erosion of the net worth of the company. These factors indicate the existence of a material uncertainty. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

**xx. CSR compliances:**

According to the information and explanation given to us, the sub section (5) of section of 135 of the Companies Act, 2013 is not applicable at the standalone level, therefore, reporting under Clause 3(xx) (a) & (b) of the order is not applicable.

**xxi. Qualifications or adverse remarks in consolidated financial statements**

The reporting under clause (xxi) is not applicable in respect of audit of standalone financial statements of the Company. Accordingly, no comment has been included in respect of said clause under this report.

**For Jain Jagawat Kamdar & Co.**
**Chartered Accountants**
**FRN: 122530W**

**Sd/-**
**CA AGNEL RODRIGUES**
Partner
M.No. 156128
UDIN: 25156128BMIHLB5613

Date: 28.02.2025
Place : Mumbai

## "ANNEXURE B" TO THE INDEPENDENT AUDITORS' REPORT

**Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the member of Hotel Corporation of India on the Standalone Financial Statements for the year ended 31st March 2024**

**Based on the information and explanations obtained by us, we furnish our comments on the Directions issued by the Comptroller and Auditor General of India relating to the accounts of the Company for the year ended 31st March, 2024.**

| S. No. | Directions u/s 143(5) of the Companies Act, 2013 | Comments |
|---|---|---|
| **1.** | Whether the Company have system in place to process all the accounting transactions through IT system? If Yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | As per the information and explanation given to us, the Company has system in place to process all the accounting transactions through IT system.<br>However, the company maintains & updates inventory and invoices manually (MS Office-Excel), which has no direct integration with accounting software. Inventory and revenue from operations is manually updated in "Tally ERP" software. There is no material impact on the integrity of the accounts or financial implication on the processing of these accounting transactions outside IT systems. |
| **2.** | Whether there is any restructuring of an existing loan or cases of waiver/ write off of debts/ loans/ interests etc. made by a leader to the company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. Whether such cases are properly accounted for?<br>(In case, lender is a government company, then this direction is also applicable for Statutory Auditor of lender company). | During the year under review, there were no cases of restructuring of an existing loan waiver/write off of debts/loans/interest and hence the said clause is not applicable. |

| | | |
|---|---|---|
| **3.** | Whether the funds received/receivables for specific schemes from central/ state agencies were properly accounted for/ utilized as per its terms and conditions? List the cases of deviation. | The Company has not received funds from any central / state agencies during the period under audit. |

**For Jain Jagawat Kamdar & Co.**
**Chartered Accountants**
**FRN: 122530W**

**Sd/-**
**CA AGNEL RODRIGUES**
Partner
M.No. 156128
UDIN: 25156128BMIHLB5613

Date: 28.02.2025
Place : Mumbai

**"ANNEXURE-C" to the Independent Auditors' report on the Standalone Financial Statements of Hotel Corporation of India for the period ended 31 March 2024.**

**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**

**(Referred to in paragraph 2 (A) (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## Opinion

We have audited the internal financial controls with reference to standalone financial statements of Hotel Corporation of India ("the Company") as of March 31, 2024 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

## Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls with reference to the Standalone Financial Statements based on the internal controls over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by The Institute of Chartered Accountants of India (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 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 (hereinafter referred to as "the Act").

## Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. 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 standalone financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedure to obtain audit evidence about the adequacy of the internal financial controls system with reference to the Standalone Financial Statements and their operating effectiveness. During the current year, the company has undergone review of Internal financial controls over financial reporting. Based on the report received the company have sufficient scope of improvement to strengthen its internal control.

**Meaning of Internal Financial Controls with reference to Standalone Financial Statements**

A Company's internal financial control with reference to the Standalone Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone Financial Statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to the Standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to the Standalone Financial Statements, including the possibility of collusion or improper management override of controls, materials 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 the Standalone Financial Statements to future periods are subject to the risk that the internal financial control with reference to the Standalone Financial Statements to future periods may become inadequate because of changes in conditions, or that the degree of compliance the policies or procedures may deteriorate.

**Qualified Opinion**

According to the information and explanation given to us, the Company has undergone review of internal financials Controls over financial reporting. Based on the report received the company has adequate scope for improvement to strengthen its internal control 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 financial controls over financial reporting and whether such internal financial controls were fully operating effectively as at March 31, 2024.

**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, 2024 with regards to :-

Non-compliance of MSMED Act in respect of Interest provision; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances of Long outstanding ; Books of Accounts of past financial year are not freeze/locked; Manual maintenance of Inventory records and valuation thereof; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units in respect of tagging of assets and non-reconciliation between physical reports and Books of Account quantity wise; 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.

We have considered the qualification and material weaknesses reported above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company, and the disclaimer material weaknesses does not affect our opinion on the Standalone Financial Statements of the Company.

**For Jain Jagawat Kamdar & Co.**
**Chartered Accountants**
**FRN: 122530W**

**Sd/-**
**CA AGNEL RODRIGUES**
Partner
M.No. 156128
UDIN: 25156128BMIHLB5613

Date: 28.02.2025
Place : Mumbai

**MANAGEMENT REPLIES TO THE INDEPENDENT AUDITORS' REPORT ON THE CONSOLIDATED IND AS FINANCIAL STATEMENT OF HOTEL CORPORATION OF INDIA LIMITED FOR THE FINANCIAL YEAR 2023-24**

<table>
<tr><th>AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
<tr><td>

**Qualification**

**1. Implementation of AMRD order on resolution of Centaur Lake View Hotel (CLVH)**

- 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 July 17, 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 | Amount in Crores |
|---|---|---|
| 1. | Valuation of CLVH at Net Block as of 31.03.2022 | 6.07 |
| 2. | Employee liability for the Govt. of J&K from 01.03.2023 onwards | **17.58*** |
| 3. | Salary payments for workers (March-June 2023) | 3.08 |
| | **Total payable by UT of J&K (Agreed Liabilities)** | **26.73** |

**** The Company has not accounted the employee liability for the current financial***

</td><td>

As per the AMRD resolution plan communicated on July 17, 2023, the CLVH hotel stands transferred to the UT of J&K.
UT of J&K also absorbed 145 employees of HCIL working at CLVH and additional 6 employees.
The amount receivable from the J&K Government of Rs 6.07 Crores towards the net block has been duly accounted for.

Employee liability for the Govt. J&K (Rs. 17.58 Cr.) is not the liability of HCI. It is in fact the funds receivable from the Govt. of UT of J&K to meet the liability in respect of Post retrial obligations of the J&K Government w.e.f. 01.03.2023 towards the HCI employees absorbed. Accordingly, as there is no liability on behalf of HCI therefore the same has not been made in the books of accounts.

HCI has already clarified and submitted the details for cost sharing expenses along with justification as required under AMRD to the UT of J&K

Post the seizure of the CLVH on 14.06.2022 by the Govt. of the UT of J&K, all documents /records /details have been shifted to New Delhi. All the records are available at Centaur Hotel New Delhi and submitted for Audit.

</td></tr>
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| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| ***period which is payable in foreseeable future.***<br>➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF - ₹19.69 crore on submission of further justification/ details.<br>➢ UT of J&K needs further justification/details/documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- ₹ 12.61 cr. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.<br>***(Refer note no. 32 of Standalone Financial Statements)***<br><br>*Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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.*<br>*The Financial Statements consists of CLVH total assets of Rs. 580.07 million as at March 31, 2024 and total revenue of Rs. 35.68 million for the year end.*<br>*Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2024 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.* | In respect of the Provision for PL / Sick leave and leave encashment of CLVH, it is to submit that the Leave records have been transferred to the respective 3 companies of UT of J&K where the employees have been absorbed, accordingly the provision has not been made at HCI end. |
| **2. Inventory:**<br>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 except the manual records. There are no satisfactory audit procedures that we could adopt to obtain sufficient and appropriate audit evidence to satisfy ourselves as to the existence, quantities and conditions of these inventories and to access their valuation. | The Company has initiated steps to integrate the inventory in Tally account system. For the purpose, PMS software which has built in integrated Inventory Management system has been procured and installed. The implementation of the same is under process and will be completed for the year 2024-25. |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| 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 31 March 2024 and the related disclosures in the financial statements.<br><br>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.<br>***(Refer note no. 06 & 48 of the Standalone Financial Statements)*** | The valuation of Inventory of HCI is in line with the practice in the Hospitality Industry and more specifically the Hotel Industry. The major inventory pertains to consumables and F&B items and hence the closing stock based on Physical Verification at the end of the year are valued at 50% of the cost, as it is not possible to ascertain the net realizable value for such items. This has been the consistent policy of the company which is continued over the years. |
| **3. MSMED Act compliances**<br>The Company has classified MSME Vendors registered under Micro Small and Medium Enterprises Development (MSMED) Act, 2006. The compliances of provision for interest if any, on outstanding dues to MSME units has been declared via notes and shall be paid as and when demanded by the vendor.<br>***(Refer note no. 18 & 45 of the Standalone Financial Statements).*** | Efforts are generally made to pay the outstanding of the MSMEs within the stipulated time, subject to availability of funds and also as per the terms and conditions of the agreements with such MSME vendors.<br>No claims of Interest have been raised by any party. Further the implication of interest on the delayed payments for the outstanding amounts payable to MSME vendors are disclosed under the notes and shall be paid as and when demanded by the Vendor and shall be accounted accordingly. |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| **Emphasis of Matter**<br><br>**1. Amount Receivables:**<br>The Company has sent letters/e-mails for confirmation of balances, whereas responses are received by the management. However, the whole process of obtaining confirmations needs to be further strengthened. We are unable to obtain audit evidence for the amount recoverable and periodicity thereof. ***(Refer note no.7 & 37 of Standalone Financial Statements)*** | The Company has sent emails/letters for confirmation of balances; responses have been received from most of the parties and accounts reconciled. The balances shown in the accounts are as per such confirmations received and accounts reconciled.<br><br>All the documents towards the revision of rates of CRPF/BSF claim have already been submitted to the Government of UT of J&K. |
| • 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 being followed up for realization of the dues. Notices have been issued to the customers for the outstanding overdue amounts. |
| • Agreed Receivable from UT of J&K amounting to Rs 26.73 Cr was not received during the year. However, few transactions amounting to Rs 1.46 Cr towards gratuity payment and receipts from debtors amounting to Rs 0.07 Cr and Bank interest amounting to Rs 0.008 Cr have been incurred by the company on behalf of CLVH during the year. | The Company has sent emails/letters for confirmation of balances, responses have been received from the parties and accounts reconciled. The balances shown in the accounts are as per such confirmations / reconciliations. |
| • Regular Customers are having debit balances 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 | Statement of Fact |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| 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.<br>• 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. | The reconciliation of the long outstanding Employee advances is under process, for the purposes the old records are being scrutinized and the details of such employees are retrieved and the pending amounts shall be recovered from the Wage revision Arrears payable to such employees. |
| **2. Amount Payables:**<br>• Company is 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 is subject to confirmations, reconciliations and/or assessments. ***(Refer note no. 18 & 37 of Standalone Financial Statements)*** | The necessary tagging of the Fixed Assets along with the items as per the Fixed Assets Register and reconciliation of the same with the physical verification report is being updated and will be completed for the year 2024-25.<br><br>In view of the disputes raised with AAI, interest is being disclosed under Contingent Liability. |
| • 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 standalone financial statements. | Statement of fact |
| **3. Untraceable Employee Advance**<br>• Amount receivable from Staff amounting to Rs 3.63 lakhs is outstanding from more than 5 years. The management is unable to identify the recoverable dues and persons for recovery of the same. In absence in obtaining any audit evidence with regards to recoverability, periodicity or disputable or otherwise, we are unable to comment | |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| whether the same are disputable/recoverable or not | |
| 4. Loss/shortage of Property, Plant & Equipment<br>• Records maintained for Property Plant Equipment (Fixed Assets) are not properly updated as per their Item/Quantity wise. Physical verification of PPE has been conducted by the management during the current financial year (Management represents last inspection was conducted in FY 2023-24). Further, the quantity shown in the physical verification report are not matching with the quantities shown under the valuation report. Due to non-tagging of Fixed Assets and no proper item wise details reconciliations with the Books of Accounts or Fixed Assets Records would be difficult to identify (if any). Hence impact of loss/ shortage/ scrap of assets remains indeterminable. (Refer note no.2A & 46 of Standalone Financial Statements) | Legal Expenses, interest and other cost will be booked as and when such costs are ascertained.<br><br>Independent Directors have not been appointed. |
| **5. Lease Rentals/Turnover Levy payable to AAI/MIAL/DIAL**<br>• Lease rentals and Turnover levy payable to Airport Authority of India (AAI)/Delhi International Airport Limited (DIAL)/ Mumbai International Airport Limited (MIAL) are provided in the books of accounts of the Company and duly reflected in the financial statement. Further in view of the dispute between the Company and AAI/DIAL/MIAL, interest on account of outstanding payable is not provided but disclosed under the head Contingent Liability and are not in conformity with the accounting principles generally accepted in India. ***(Refer note no. 15, 17 & 31(ix) of Standalone Financial Statements).*** | Statement of Fact<br><br>Statement of Fact |
| **6. Provision of Wage Revision of Differential Liability**<br>• The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters of demands. The Company had negotiations between Wage Negotiation Committee of the Management | The discrepancies, incorrect entries have since been rectified during closing of accounts. Also, annual reconciliations are filed/being filed as per the provisions of the respective acts. The company has procured and installed the computerized PMS system which is integrated with tally accounting system for preparation of various returns in computerized form in place of the manual records. |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionized category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20. The total estimated provision for arrears of wage revision for the unionized category of employees of the company as on 31.03.2024 is ₹146.36 million. The Management had announced an interim relief of ₹5,000/- per month per employee for officers effective from 1 January, 2017 which continues to be paid and has been expensed out through the Statement of Profit and Loss Account amounting to ₹70.74 million as on 31.03.2024. As and when wage revision is approved, this amount would be adjusted against arrears payable, if any, for which employee wise details have been maintained separately in the books of accounts. Further, the calculations for arrears payable to employees effective 08.08.2008 are in progress. The management is of the opinion that in case the wages provided is inadequate then the provision for differential liability will be made in the year it is finalized. ***(Refer note no.12, 19, 20, 31 & 34)*** | Noted<br><br>Statement of Fact<br><br>The company is confident that the performance would improve in FY 2024-25. The company has recently been awarded the FHU contract by AIL through RFP valid for a 2 year term. Action plan has been formulated and is under implementation for increasing the saleable inventory by adding additional rooms through minor repairs /renovation. Registration on GeM portal for providing ODC and Banquet services has been completed. On boarding on the Zomato portal for on line F&B sales is under process |
| **7. Legal expense/ interest etc. on contingent liabilities**<br>• 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. | |
| **8. Non-Compliance of certain provisions of Companies Act**<br>• 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 | |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| meeting of the Independent Directors could be held during the Audit Period.<br><br>• 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.<br><br>• The above non-compliance was also reported us in our previous audit report dated 28 December, 2023 for financial year 2022-2023.<br><br>**9. Event Occurred after Balance Sheet Date**<br>• A court order was passed on 4th Nov 2024 against the company in a case N. S Associates Private Limited Vs Hotel Corporation of India (shown as Contingent liability), for which the liability was determined and therefore, a total provision for Rs 1.98 Cr upto 05.08.2024 [award amount (Rs. 88,43,952/-) + interest amount @ 12% per annum from 01.10.2014 to 05.08.2024 (Rs. 1,04,22,971/-) + cost (Rs. 5.0 lakhs)] was made in the books of accounts.<br><br>• Funding: Ministry of Civil Aviation via its order no. AV.17046/60/2023-AI dated 15th July 2024 had advanced an amount of Rs 57.14 Cr from contingency fund of India to AIAHL for onward investment to its subsidiary HCI towards payment of statutory dues & overdue vendor payments and wages arrears to employee (retired/ Serving)<br><br>10. **Some Inconsistencies in Accounting Records**:<br>• During our review of the accounting records, we noted some discrepancies, incomplete entries, and areas requiring reconciliations/clarifications. These include instances of incorrect accounting entries, | |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| unclear documentation, and transactions recorded in incorrect periods. Some entries appear to be misallocated, and certain supporting documentation is missing, which could affect the accuracy and transparency of the financial records. GST return data was maintained manually and the same is Not reconciled with the Books of Accounts The company is in the process of Reconciliation and filing of the GST Annual returns<br>• The misalignment of entries across periods presents challenges to maintaining the consistency of the financial statements. Addressing these matters, would resolve ambiguities which are important to ensure the reliability of our financial reporting. We recommend timely attention to these matters to enhance the integrity of the accounting records.<br><br>**11. Internal Control System**<br>• 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.<br><br>• 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. (Refer note no. 47 & 48)<br><br>• The above non-compliance was also reported us in our previous audit report dated 28 December, 2023 for financial year 2022-2023.<br><br>**12. Fair value of the financial assets and financial liabilities**<br>• 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.<br><br>**13. Going Concern**<br>• The Company has incurred a net loss of ₹638.85 million during the year ended March 31, 2024 and, as of that date, the Company's current liabilities exceeds its total assets by | |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| ₹670.63 million and it has accumulated losses of ₹8839.08 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.<br>(Refer note no. 52) | |
| **Other Matter – Goods and Service Tax**<br>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.<br><br>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.<br>In both the above cases, GST liability has not been provided which will impact on the results of Standalone Financial Statements, but the amount thereof is not ascertainable/ determinable in absence of appropriate records. | These advances pertain to Banquet Functions bookings at the Hotels which is not significant. However, the advances will be considered and taken care while raising the Invoices. In respect of surrendering back of ITC for nonpayment it is submitted that the payments to the vendors are made within the stipulated period. Further all these aspects are taken care while filing the Annual Returns. |
| **Annexure A**<br>**(i) Property, Plant & Equipment:**<br><br>(a) (A) The Company has generally maintained proper records showing full particulars, except some Assets wherein Quantity wise details of such Property Plant and Equipment is not updated.<br>(B) The Company has maintained proper records showing full particulars of intangible assets.<br><br>(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a | The physical verification of the PPE was conducted during the year 2023-24, the details of location quantity tagging etc. where ever unavailable is being updated for the year 2024-25.<br><br>The Company is following up with the Society for execution of the conveyance deed transferring the land and building to the Society. The company is |

<table>
<tr><th>AUDIT OBSERVATIONS</th><th>MANAGEMENT COMMENTS</th></tr>
<tr><td>regular program of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified on rotational basis in every two years, The same was conducted during FY 2023-24. Discrepancies were noticed relating to identification of assets in terms of location, quantity, tagging, etc.<br><br>(c)According to the information, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of four (4) residential flats in Sher -e- Punjab Society, Andheri (E), Mumbai the deed conveying / transferring the land and the said Building to society is not yet executed. Further these 4 flats have been illegally occupied by the owner of adjacent Flat. (Refer note 2A)</td><td>also taking appropriate legal action Civil /Criminal for evection of the illegal occupancy of the Flats.</td></tr>
<tr><td>(vii) Statutory dues<br>(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Services Tax ('GST'), Employees' State Insurance, Income Tax, Duty of Customs, Cess and other statutory dues were in arrears as at 31st March 2024 except provident Fund for a period of more than six months from the date they became payable.</td><td>The Provident fund amount could not be deposited due to Cash Flow issues during the year, However the Provident Fund dues have been deposited by Nov 2024.</td></tr>
<tr><td>(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are some Statutory dues which have not been deposited on account of dispute and the forum where dispute is pending are as under:</td><td>The company has preferred appeals against the said demands/notices at respective forums and pursuing the matter.</td></tr>
<tr><td colspan="2">
<table>
<tr><th>Nature of Statute</th><th>Nature of Dues</th><th>Amount in Dispute (in Mns)</th><th>Period to which the amount relates</th><th>Forum where dispute is pending</th></tr>
<tr><td rowspan="3">Luxury Tax</td><td>Tax</td><td>2.18</td><td rowspan="3">2000-2001</td><td rowspan="3">Additional Commissioner Sales Tax (Appeal)</td></tr>
<tr><td>Less: Paid</td><td>0.88</td></tr>
<tr><td>Total</td><td>1.3</td></tr>
<tr><td rowspan="5">Luxury Tax</td><td>Tax</td><td>6.51</td><td rowspan="5">2000-2001</td><td rowspan="5">Additional Commissioner Sales Tax (Appeals)</td></tr>
<tr><td>Interest</td><td>9.33</td></tr>
<tr><td></td><td>0.01</td></tr>
<tr><td>Less: Paid</td><td>2.53</td></tr>
<tr><td>Total</td><td>13.31</td></tr>
</table>
</td><td></td></tr>
</table>

| AUDIT OBSERVATIONS | | | | | MANAGEMENT COMMENTS |
|---|---|---|---|---|---|
| Luxury Tax | Tax | 1.98 | 2002-2003 | Commissioner of Sales Tax (Appeals) | |
| | Interest | 2.08 | | | |
| | Penal | 0.1 | | | |
| | Less: Paid | 3.03 | | | |
| | Total | 1.13 | | | |
| Luxury Tax | Tax | 0.7 | 2002-2003 | Commissioner of Sales Tax (Appeals) | |
| | Penal | 0.01 | | | |
| | Less: Paid | 0.63 | | | |
| | Total | 0.08 | | | |
| Service Tax | Tax | 2.76 | July 2012 to March 2013 | Commissioner of Central Excise A ellate-ll | |
| Service Tax | Tax | 5.11 | 2013-2014 | Commissioner of Central Excise A ellate-ll | |
| Service Tax | Tax | 6.07 | 2014-2015 | Commissioner of Central Excise A ellate-ll | |
| Service Tax | Tax | 7.83 | 2015-2016 | Commissioner of Central Excise A ellate-ll | |
| Service Tax | Tax | 7.86 | 2016-2017 | Commissioner of Central Excise A ellate-ll | |
| Service Tax | Tax | 0.68 | 2017-2018 (Up to June 201 | Commissioner of Central Excise Appellate-ll | |
| Service Tax | Tax | 7.84 | 2010-2011 to 2013-2014 | Commissioner of Central Excise Appellate-ll | |
| Service Tax | Tax | 3.92 | 2014-2015 | Commissioner of Central Excise Appellate-ll | |
| Service Tax | Tax | 5.52 | 2015-2016 | Commissioner of Central Excise Appllate-ll | |
| Service Tax | Tax | 10.43 | 2016-2017 & 2017-2018 | Commissioner of Central Excise Appellate-ll | |
| ovident Fund | Demand | 22.29 | 2012-2013 to 2015-2016 | Provident Fund Tribunal Delhi | |
| | Interest | 5.98 | | | |
| | Less: Paid | 5.98 | | | |
| | Total | 22.29 | | | |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| | |
| **xiii Compliances of sections 177/188 of CO's Act**<br>As per the information and explanation given to us, the Company has not appointed Independent Directors and hence to that extent the Company has not complied with the provision of section 177 (2) of the Act, which in turn results in non-compliance with section 177(iv) of the Act.<br>The Company has complied with the provisions of section 188 of the Act. However, details of the related parties have been disclosed in the financial statements which are identified by the Management in terms of IND AS 24 "Related Party Disclosure" and the same are relied upon by us. | Independent Directors have not been appointed.<br><br>Statement of fact. |
| **xiv. Internal Audit**<br>(b) Reports of Internal Auditors for the period under audit were considered by us and compliance of some observations were still pending which are operational in nature | The observations of Internal Audit in respect of operations are ongoing in nature and the process improvement is under implementation / compliance. |
| **Annexure C**<br>**Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013**<br><br>**Material Weaknesses**<br>Accordance to the information and explanations given to us and based on our audit, the following | The weaknesses pointed out in the audit of IFCR are being looked into. Impact of Interest on delayed outstanding amounts payable to MSME |

| AUDIT OBSERVATIONS | MANAGEMENT COMMENTS |
|---|---|
| material weaknesses have been identified as at 31st March, 2024 with regards to :-<br>Non-compliance of MSMED Act in respect to Interest provision; Non-confirmation/ reconciliation/ assessment of Debit/ Credit balances of long outstanding ; Books of Accounts of past financial year are not freeze/locked; Manual maintenance of inventory records and valuation thereof; Non reconciliation of TDS; Non maintenance of proper records of PPE at certain units in respect of tagging of assets and non-reconciliation between physical reports and Books of Account quantity wise; 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".<br><br>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.<br>We have considered the qualification and material weaknesses reported above in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Financial Statements of the Company, and the disclaimer material weaknesses does not affect our opinion on the Standalone Financial Statements of the Company. | vendors are disclosed under notes. The tagging and reconciliation of PPE with Physical verification is under process .The roles in Finance and Accounts department is being suitably examined for positioning, on FTC basis.<br><br>The Company has initiated steps to integrate the inventory in Tally, for the purpose, PMS soft ware has been procured and installed which has built in integrated Inventory Management system. The same is under process and will be implemented for the year 2024-25. |

# BALANCE SHEET AS AT 31ST MARCH 2024

**(Rs. In Millions)**

| Particulars | Note No. | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|---|
| **ASSETS** | | | |
| (1) Non Current Assets | | | |
| (a) Property, Plant and Equipment | 2A | 140.53 | 129.55 |
| (b) Intangible assets | 2B | 0.50 | - |
| (c) Capital Work in Progress | 2C | 1.72 | 1.65 |
| (d) Right to Use an Asset | 3 | 179.12 | 202.20 |
| (e) Financial Assets | | | |
| (i) Other Non current financial assets | 4 | 1.82 | 2.30 |
| (e) Other Non Current assets | 5 | 16.01 | 15.92 |
| **Total Non Current Assets** | | **339.70** | **351.62** |
| **(2) Current Assets** | | | |
| (a) Inventory | 6 | 7.46 | 11.65 |
| (b) Financial Assets | | | |
| (i) Trade receivables | 7 | 130.40 | 110.41 |
| (ii) Cash and cash equivalents | 8 | 59.90 | 8.39 |
| (iii) Bank Balances other than cash and cash Equivalents | 9 | 0.44 | 37.54 |
| (iv) Other current financial assets | 10 | 95.78 | 94.80 |
| (c) Current tax assets (net) | 11 | 51.48 | 48.99 |
| (d) Other Current Assets | 12 | 116.49 | 113.50 |
| **Total Current Assets** | | **461.95** | **425.28** |
| **TOTAL ASSETS** | | **801.65** | **776.90** |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| (a) Equity share capital | 13 | 1,376.00 | 1,376.00 |
| (b) Other equity | | (8,839.08) | (8,200.23) |
| **Total Equity** | | (7,463.08) | (6,824.23) |
| **Liabilities** | | | |
| **1. Non Current Liabilities** | | | |
| **(a) Financial liabilities** | | | |
| **(i) Borrowings** | **14** | 5,975.63 | 5,482.32 |
| **(ii) Long term lease liability** | **15** | 387.60 | 360.12 |
| **(b) Provisions** | **16** | 429.23 | 374.47 |
| **Other non-current liabilities** | | | |
| **Total Non Current Liabilities** | | **6,792.46** | **6216.91** |

| | | | |
|---|---|---|---|
| **2. Current liabilities** | | | |
| **(a) Financial liabilities** | | | |
| (i) Short term lease liability | **17** | 633.17 | 611.15 |
| (ii) Trade payables | **18** | | |
| **Total outstanding dues of Micro Enterprises and Small Enterprises** | | 36.34 | 35.98 |
| **Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises** | | 72.51 | 41.07 |
| **(iii) Other current financial liabilities** | **19** | 297.17 | 301.05 |
| (b) Other current liabilities | **20** | 288.37 | 253.86 |
| (c) Provisions | **21** | 144.71 | 141.11 |
| **Total Current Liabilities** | | **1,472.27** | **1,384.22** |
| **TOTAL EQUITY AND LIABILITIES** | | **801.65** | **776.90** |
| **Significant accounting policies** | **1** | | |

The accompanying notes 1 to 54 form an integral part of these financials

As per our report of even date

**For JAIN JAGAWAT KAMDAR & Co.**
Chartered Accountants
Firm Registration No. 122530W

**Sd/-**
**CA Agnel Rodrigues**
Partner
Membership No: 156128

Place : Mumbai
Date : 28.02.2025

**For and on behalf of the Board of Directors of**
**HOTEL CORPORATION OF INDIA LIMITED**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN : 08086220

**Sd/-**
**Rubina Ali**
Nominee Director
DIN : 08453990

**Sd/-**
**Shobhit Gupta**
Chief Executive Officer

**Sd/-**
**K.Gopal Krishna**
Chief Financial Officer

**Sd/-**
**Sonam Gosain**
Company Secretary
Place : New Delhi
Date : 10.02.2025

## Statement of Profit and Loss for the year ended at 31st March 2024

**(Rs. In Millions)**

| Particulars | Notes | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|---|
| Continuing operations | | | |
| **INCOME** | | | |
| Revenue from operations | 22 | 626.16 | 537.35 |
| Other income | 23 | 6.01 | 9.97 |
| **Total income** | | **632.17** | **547.32** |
| **EXPENSES** | | | |
| Cost of raw material consumed | 24 | 148.28 | 131.96 |
| Employee Benefits | 25 | 368.71 | 418.17 |
| Finance Cost | 26 | 527.46 | 481.80 |
| Depreciation / Amortisation Expenses | 2A&3 | 41.35 | 38.82 |
| Other Expenses | 27 | 160.64 | 180.40 |
| **Total Expenses** | | **1,246.44** | **1,251.15** |
| **Loss before Tax** | | **(614.27)** | **(703.83)** |
| **Tax Expense** | | | |
| Current Tax | | - | - |
| Deferred Tax | | - | - |
| Add (Less)- Short (Excess) Provision of Earlier Years | | - | - |
| **Profit/(Loss) for the year** | | **(614.27)** | **(703.83)** |
| **Other Comprehensive Income** | | | |
| a. Items that will not be classified to Profit & Loss | | | |
| (i) Re-measurement of the defined benefit plans | 28 | (24.58) | 18.21 |
| **Total Comprehensive Income for the year** | | **(638.85)** | **(685.62)** |
| **Earning per Equity Share** | | | |
| **Basic** | | **(44.64)** | **(51.15)** |
| **Diluted** | | **(44.64)** | **(51.15)** |
| Significant accounting policies | 1 | | |

The accompanying notes 1 to 54 form an integral part of this financials

As per our report of even date

**For JAIN JAGAWAT KAMDAR & Co.**
Chartered Accountants
Firm Registration No. 122530W

**For and on behalf of the Board of Directors of**
**HOTEL CORPORATION OF INDIA LIMITED**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN : 08086220

**Sd/-**
**Rubina Ali**
Nominee Director
DIN : 08453990

**Sd/-**
**CA Agnel Rodrigues**
Partner
Membership No: 156128

**Sd/-**
**Shobhit Gupta**
Chief Executive Officer

**Sd/-**
**K.Gopal Krishna**
Chief Financial Officer

**Sd/-**
**Sonam Gosain**
Company Secretary
Place : New Delhi
Date : 10.02.2025

Place : Mumbai
Date : 28.02.2025

# Notes to the Financial Statements for the period ended ended at 31st March 2024
# STATEMENT OF CHANGES IN EQUITY

## (A) Equity Share Capital

(₹ In Millions)

| | No. of shares | No. of shares |
|---|---|---|
| Balance as on 1st April, 2022 | 1,37,60,000 | 13,760.00 |
| Changes in equity share capital during the year | | - |
| Balance as on 31st March, 2023 | 1,37,60,000 | 13,760.00 |
| Changes in equity share capital during the year | | - |
| Balance as on 31st March, 2024 | 1,37,60,000 | 13,760.00 |

## (B) Other Equity

(₹ In Millions)

| Particulars | Reserve and Surplus | | | | Share Application Money Pending allottment | Total |
|---|---|---|---|---|---|---|
| | Capital Reserve | Securities Premium | Retained Earnings | Contingency Reserve Fund | | |
| **Balance as at 1st April 2021** | - | - | **(6,672.10)** | - | - | **(6,672.10)** |
| Profit / ( Loss) for the year | | | (848.12) | | | (848.12) |
| Other Comprehensive Income for the year (Net of Tax) | | | 5.61 | | | 5.61 |
| Addition of Share Application money pending allottment | | | | | | - |
| Transfer from Contingency Reserve | | | | | | - |
| Shares issued at Security Premium | | | | | | - |
| Reduction during the year | | | | | | - |
| **Balance as at 31st March 2022** | - | - | **(7,514.61)** | - | - | **(7,514.61)** |
| Profit / ( Loss) for the year | | | (703.83) | | | (703.83) |
| Other Comprehensive Income for the year (Net of Tax) | | | 18.21 | | | 18.21 |
| Addition of Share Application money pending allottment | | | | | | - |
| Transfer from Contingency Reserve | | | | | | - |
| Shares issued at Security Premium | | | | | | - |
| Reduction during the year | | | | | | - |
| **Balance as at 31st March 2023** | - | - | **(8,200.23)** | - | - | **(8,200.23)** |
| Profit / ( Loss) for the year | | | (614.27) | | | (614.27) |
| Other Comprehensive Income for the year (Net of Tax) | | | (24.58) | | | (24.58) |
| Addition of Share Application money pending allottment | | | | | | - |
| Transfer from Contingency Reserve | | | | | | - |
| Shares issued at Security Premium | | | | | | - |
| Reduction during the year | | | | | | - |
| **Balance as at 31st March 2024** | - | - | **(8,839.08)** | - | - | **(8,839.08)** |

As per our report of even date
**For JAIN JAGAWAT KAMDAR & Co.**
Chartered Accountants
Firm Registration No. 122530W

**Sd/-**
**CA Agnel Rodrigues.**
Partner
Membership No: 156128

Place : Mumbai
Date : 28.02.2025

**For and on behalf of the Board of Directors of**
**HOTEL CORPORATION OF INDIA LIMITED**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN : 08086220

**Sd/-**
**Rubina Ali**
Nominee Director
DIN : 08453990

**Sd/-**
Shobhit Gupta
Chief Executive Officer

**Sd/-**
K.Gopal Krishna
Chief Financial Officer

**Sd/-**
**Sonam Gosain**
Company Secretary
Place : New Delhi
Date : 10.02.2025

# Statement of Cash Flows for the year ended 31st March 2024

(₹ In Millions)

| | Particulars | For the year ended 31st March 2024 | For the year ended 31st March 2023 |
|---|---|---|---|
| **A.** | **Cash flows from operating activities** | | |
| | **Net profit before tax** | **(614.27)** | **(703.83)** |
| | **Adjustments:** | | |
| | Depreciation and amortisation | 41.35 | 38.82 |
| | Adjustments in Other Equity and Other Comprehensive Income | (24.58) | 18.21 |
| | Interest received on fixed deposits | (2.61) | (3.15) |
| | Finance cost | 527.46 | 481.80 |
| | (Profit)/Loss on sale of Property, Plant & Equipment | - | - |
| | **Operating cash flow before working capital changes** | **(72.66)** | **(168.15)** |
| | Decrease / (Increase) in Inventory | 4.20 | (0.24) |
| | Decrease / (Increase) in Trade Receivables | (19.99) | (30.74) |
| | Decrease / (Increase) in Other Bank Balances | 37.10 | 42.25 |
| | (Increase) in Other Financial Assets | (0.98) | (66.41) |
| | (Increase)/Decrease in Other Current Assets | (2.99) | (7.42) |
| | (Increase)/Decrease in Other Non-Current Financial Assets | 0.48 | 0.96 |
| | (Increase)/Decrease in Other Non-Current Assets | (0.08) | 1.45 |
| | (Decrease)Increase in Trade Payables | 31.80 | 42.41 |
| | Increase/(Decrease) in Other Financial Liabilities (Current) | (3.88) | 55.74 |
| | Increase/(Decrease) in Other Current Liabilities | 34.51 | 98.87 |
| | (Decrease)Increase in Short-Term Provisions | 3.60 | 33.95 |
| | (Decrease)Increase in Long-Term Provisions | 54.76 | (119.61) |
| | Increase/(Decrease) in Other Financial Liabilities (Non Current) | | |
| | Increase/(Decrease) in Other Non Current Liabilities | | |
| | Cash generated from operations | **65.87** | **(116.96)** |
| | Income taxes paid | (2.49) | 3.42 |
| | **Net cash flow generated from operating activities [A]** | **63.38** | **-113.55** |
| **B.** | **Cash flows from investing activities** | | |
| | Increase in Property,Plant and Equipment | (29.74) | (17.85) |
| | (Increase)/Decrease in Capital Work In Progress | (0.07) | 7.15 |
| | (Increase)/Decrease in Right to Use an Asset | - | 1.66 |
| | Proceeds from sale of property, plant and equipment | - | 61.21 |
| | Interest received on fixed deposits | 2.61 | 3.15 |
| | **Net cash (used) in investing activities [B]** | **(27.21)** | **55.32** |
| **C.** | **Cash flows from financing activities** | | |
| | (Decrease)/Increase in Borrowings | 493.31 | 452.73 |
| | Interest Paid | (527.46) | (481.80) |
| | Increase/(Decrease) in Short Term Lease Liability | 22.02 | 19.56 |
| | Increase/(Decrease) in Long Term Lease Liability | 27.48 | 23.65 |
| | **Net cash flow generated from financing activities [C]** | **15.34** | **14.15** |
| | | | |
| | **Net increase in cash and cash equivalents (A+B+C)** | **51.51** | **-44.08** |

| | | |
|---|---|---|
| Cash and cash equivalents at the beginning of the year (Refer note below) | 8.39 | 52.47 |
| Cash and cash equivalents at end of the year (Refer note below) | **59.90** | **8.39** |

**Sub notes:**

**1.** The Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard - 7 ('IND AS-7') on cash flow statement**.**

**2. Components of cash and bank balances:**

**(₹ In Millions)**

| **Particulars** | **31st March 2024** | **31st March 2023** |
|---|---|---|
| Balance with bank | | |
| a) Other Balance | 59.86 | 7.26 |
| Cash in Hand | 0.04 | 0.08 |
| Bank deposits held as margin money against bank guarantee and other Commitments, maturity less than 3 months | | |
| Bank deposits with original maturity less than 3 months | | 1.05 |
| Total | **59.90** | **8.39** |

**Note: Previous year's figures have been regrouped/rearranged wherever necessary.**

**For JAIN JAGAWAT KAMDAR & Co.**
Chartered Accountants
Firm Registration No. 122530W

**Sd/-**
**CA Agnel Rodrigues**
Partner
Membership No: 156128

Place : Mumbai
Date : 28.02.2025

**For and on behalf of the Board of Directors of**
**HOTEL CORPORATION OF INDIA LIMITED**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN : 08086220

**Sd/-**
**Rubina Ali**
Nominee Director
DIN : 08453990

**Sd/-**
**Shobhit Gupta**
Chief Executive Officer

**Sd/-**
**K.Gopal Krishna**
Chief Financial Officer

**Sd/-**
**Sonam Gosain**
Company Secretary

Place : New Delhi
Date : 10.02.2025

# Notes to the Financial Statements for the year ended March 31, 2024

**(Rupees in Millions except otherwise stated)**

## NOTE 1: CORPORATE INFORMATION

Hotel Corporation of India Limited, (a Government of India Company) is a company incorporated in India, registered under the provisions of Companies Act. The Company is primarily engaged in the business of owning, operating & managing Hotels and Flight Caterings. It is a subsidiary of "AI Assets Holding Limited" (AIAHL) w.e.f. 11.01.2022. The registered office of the Company is situated at Centaur Hotel, IGI Airport, New Delhi 110037.

## NOTE 2: BASIS OF PREPARATION, CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS, SIGNIFICANT ACCOUNTING POLICIES AND RECENT ACCOUNTING PRONOUNCEMENTS

**The financial statements have been prepared on the following basis:**

**i. Basis of Preparation and Compliance with IND AS**

For all period upto and including the year ended March 31, 2017, the Company prepared its financial statements in accordance with generally accepted accounting principles in India (Indian GAAP) and complied with the accounting standard (previous GAAP) as notified under section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014 as amended to the extent applicable, and the presentation requirements of the Companies Act, 2013.

In accordance with the notification, dated February 16, 2015, issued by the Ministry of Corporate Affairs, the company has adopted Indian Accounting Standards (Ind AS) notified under section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules 2015, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind ASs") with effect from April 1, 2017 the Company is required to prepare its financial statements in accordance with Ind AS for the year ended March 31, 2018. These financial statements as and for the year ended March 31, 2018 (the "Ind AS Financial Statements") were the first financial statements the Company has prepared in accordance with Ind AS and financial statements for the year ended March 31st 2023 is also prepared on the same basis.

**ii. Basis of measurement:**

These financial statements have been prepared on a historical cost basis, except for:

i. certain financial assets, liabilities and contingent considerations that are measured at fair value;

ii. assets held for sale- measured at fair value less cost to sell; and

iii. defined benefit plans – plan assets, measured at fair value.

The assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule – III to the Companies Act, 2013 and Ind AS 1– "Presentation of Financial Statements".

**iii. Critical accounting estimates /judgments**:

The preparation of the financial statements in conformity with Ind-AS requires the Management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported

amounts of assets and liabilities, the disclosures of contingent assets andliabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. The actual result may differ from such estimates. Estimates and changes are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future period.

Significant areas of estimation and judgments (as stated in the respective Accounting Policies) that have the most significant effect on the Financial statements are as follows:

a) Impairment of Assets.
b) Measurement of useful life and residual values of property, plant and equipment and the assessment as to which components of the cost may be capitalized.
c) Basis of classification of Non-Current Assets held for sale.
d) Recognition of Deferred Tax Assets.
e) Recognition and measurement of defined benefit obligations.
f) Judgment required to ascertain lease classification.
g) Measurement of Fair Values and Expected Credit Loss (ECL).
h) Judgment is required to ascertain whether it is probable or not that an outflow of resources embodying economic benefits will be required to settle the taxation disputes and legal claim.

**iv. Operating cycle & Classification of Current & Non-Current:**

Presentation of assets and liabilities in the financial statement has been made based on current / non-current classification provided under the Companies Act 2013. T**he** Company being in service sector, there is no specific operating cycle; however, 12 months period has been adopted as “the Operating Cycle” in-terms of the provisions of Schedule III to the Companies Act 2013. Accordingly**, c**urrent liabilities and current assets include the current portion of non-current financial liabilities and assets.

**v. Estimation uncertainty relating to the global health pandemic on COVID-19:**

The outbreak of corona virus (COVID-19) pandemic globally and in India is causing significant disturbance and slowdown of economic activity. The Company's operation and revenue during the year were also impacted due to COVID-19. Though the situation improved during the current year still our hotels are facing low occupancies at Delhi and flight kitchens at Mumbai and Delhi. Various steps have been initiated by the Company such renovations of existing rooms, tapping corporate customers & others ways.

**vi. Significant Accounting Policies:**

**A. Inventories (IND AS – 2)**

Inventories primarily consist of soft furnishing (linen), cutlery / crockery and stores and
spares. Cost of inventories comprise all costs of purchase after deducting non refundable rebates and discounts and all other costs incurred in bringing the inventories to their present location and condition and is determined on weighted average basis.

The valuation of Inventory of regular consumed inventory is derived as 50% cost lower of the closing inventory at year end.

Expendables & Consumables are charged off at the time of initial issue, except those meant for repairs of repairable items which are expensed off when the work order is closed on completion of repair work.

Soft furnishing (linen) and Stores & Supplies (cutlery & crockery) are being valued at lower of cost or NRV and written off to the Statement of Profit and Loss as and when issued for consumption.

**B. Cash Flow Statement (IND AS–7)**

Cash flows are reported using indirect method as set out in Ind AS-7 “Statement of Cash Flows” whereby profit/(loss) before tax is adjusted for the effect of transactions of non-cash nature and any deferrals or accruals of past or future cash receipt to payments. The Cash flow from operating, investing and financing activities of the company is segregated based on available information.

**C. Income Taxation (IND AS - 12)**

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in Other Comprehensive Income or directly in equity, in which case, the current and deferred tax are also recognised in Other Comprehensive Income or directly in equity, respectively.

**Current Tax**

Current tax expenses are accounted for in the same period to which the revenue and expenses relate. Provision for current income tax is made for the tax liability payable on taxable income after considering tax allowances, deductions and exemptions determined in accordance with the applicable tax rates and the prevailing tax laws. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

**Deferred Tax**

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they can be used. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is measured at the tax rates that are expected to apply to the period when the assets are realized or liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

**D. Property, Plant and Equipment: (PPE) (IND AS - 16)**

i. Property, Plant and Equipment

Property, plant and equipment are carrying at deemed cost from the date of transition.

The initial cost of property, plant and equipment comprises its purchase price, including nonrefundable duties and taxes, attributable borrowing cost and any other directly attributable costs of brining an asset to working condition and location for its intended use. It also includes the present value of expected cost for decommissioning and removing of an asset and restoring the site after its use, if the recognition criteria for a provision are met.

Expenditure incurred after the property, plant and equipment have been put into operation, such as repairs and maintenance, are normally charges to the statement of profit and loss in the period in which the costs are incurred. Major overhaul expenditure is capitalized if the recognition criteria are met.

Gains and losses on disposal of an item of property, plant and equipment are determined by deducting the proceeds of disposal from the carrying amount of property, plant and equipment and are recognized net within other income/other expenditure in statement of profit and loss.

The residual value, useful lives and method of depreciation of property, plant and equipment's are reviewed at each financial year end and adjusted prospectively, if appropriate.

Further physical verification of Assets is done on a rotational basis so that every asset is verified in every two years and the discrepancies observed in the course of the verification adjusted in the year in which report is submitted and finalized.

ii. Capital work in progress

Assets in the course of construction are capitalized in capital work in progress account. At the point when the asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment.

iii. Depreciation / Amortization:

Property, plant and equipment are stated at cost less accumulated depreciation and any provision for impairment. Depreciation commences when the assets are ready for their intended use.

Depreciation is provided on straight-line method over the useful life of the Property, plant and equipment as prescribed in the Schedule II of the Companies Act 2013 (except as otherwise stated), keeping a residual value of 5% of the original cost. Depreciation method, useful life and residual values are reviewed by the Management at each year end.

Cost incurred on major renovation/refurbishment, modernization/conversion are depreciated over the useful life and / or period of lease as the case may be.

Kitchen utensils purchased for the first time for a new unit are written off equally in four years. Any additions in the subsequent years are written off in the year of purchase.

Carpets purchased initially for a new unit/major renovation are capitalized as Fixed Assets in the year of purchase and depreciated on the Straight Line Method as specified in Para d above. Carpets purchased in the subsequent years are being written off as Soft furnishings in the year of purchase.

Heavy curtains are written off in the year of issue.

**E. Employee Retirement Benefits( IND AS - 19**)

The Retirement Benefits to the employees comprise of “Defined Contribution Plans” and “Defined Benefit Plans”.

**a)** **D**efined Contribution Plans consist of contributions to Employees Provident Fund and Employees State Insurance Scheme. PF and ESI dues are regularly deposited with government authorities.

**b)** **D**efined Benefit Plans which are not funded, consist of Gratuity, and Post Retirement Medical Benefits and other benefits. The liability for these benefits is actuarially determined under the Projected Unit Credit Method at the year end as per Indian Laws.

The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Re-measurements gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in Other Comprehensive Income. They are included in “Other Equity” in the “Statement of Changes in Equity” and in the Balance Sheet.

Changes in the present value of the defined benefit obligation resulting from settlement or curtailments are recognized immediately in Statement of Profit and Loss as past service cost.

**c)** **Other Long-Term Employee** Benefits in the form of Leave Encashment are accounted as other long-term employee benefits. The Company’s net obligation in respect of Leave Encashment is the amount of benefit to be settled in future that employees have earned in return for their service in the current and previous years. The benefit is discounted to determine its present value. The obligation is measured on the basis of an actuarial valuation using the projected unit credit method. Re-measurements are recognized in Statement of Profit and Loss in the period in which they arise.

**d)** **Short Term Benefits:** Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be incurred when the liabilities are settled. The liabilities are presented as Short Term employee benefit obligations in the balance sheet.

**F.** **Foreign Currency Transactions( IND AS - 21)**

The management has determined the currency of the primary economic environment in which the company operates i.e. functional currency, to be Indian Rupees (Rs). The financial statements are presented in Indian Rupees, which is company's functional and presentation currency.

**Foreign Currency Monetary Items:**

i) foreign currency Revenue and Expenditure transactions relating to Foreign Stations are recorded at established monthly rates (based on published IATA rates).Interline settlement with Airlines for transportation is carried out at the exchange rate published by IATA for respective month.

ii) foreign currency monetary items are translated using the exchange rate circulated by Foreign Exchange Dealers Association of India (FEDAI). Gains/ (losses) arising on account of realization/settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognized in the Statement of Profit and Loss.

iii) In respect of long term foreign currency monetary items originating before 1st April, 2016, the effect of exchange differences arising on settlement or reporting of long term monetary items at the rates different from those at which they were initially recorded during the period, or reported in previous financial statements, is accounted as addition or deduction to the cost of the assets so far as it relates to acquisition of depreciable capital assets and is depreciated over the balance useful life of the concerned asset and in other cases such difference is accumulated by
transfer to "Foreign Currency Monetary Items Translation Difference Account" to be amortized over the balance period of such long-term Assets or Liability.
**Exchange variation** is not considered at the year-end in respect of Debts and Loans & Advances for which doubtful provision exists since they are not expected to be realized.

**G. Borrowing Cost: (IND AS - 23)**

Borrowing cost that are directly attributable to acquisition, construction of qualifying assets including capital work–in-progress are capitalized, as part of the cost of assets, up to the date of commencement of commercial use of the assets.
Other borrowing costs are expensed in the year in which they are incurred

**H. Earnings Per Share (IND AS - 33)**

Basic earnings per share: Basic earnings per share is calculated by dividing the net profit or loss for the year post tax attributable to equity shareholders by weighted average number of equity shares outstanding during the period.
Diluted earnings per share: Diluted earnings per share is calculated by dividing the net profit or loss for the year post tax attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would

have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

**I. Impairment of Assets (IND AS – 36)**

Assets that are subject to amortisation are reviewed for impairment periodically including whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

The Company assesses at each Balance Sheet date whether there is any indication that carrying amount of its non– financial asset has been impaired. If any such indication exists, the provision for impairment is made in accordance with IND AS-36.

**J. Provisions, Contingent Liabilities / Capital Commitments & Contingent Assets (IND AS - 37)**

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation (legal or constructive) as a result of past events and it is probable that there will be an outflow of resources.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. The expense relating to a provision is presented in the statement of profit and loss.

Contingent liabilities are disclosed by way of a note in respect of possible obligations that may arise from past events but their existence is confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company.

Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. A contingent asset is disclosed, when an inflow of economic benefits is probable.

**K. Non- Current Assets Held For Sale and Discontinued Operations (IND AS - 105)**

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale in its present condition than through continuing use. The net book value of such assets, are transferred from the block of fixed assets to "Assets held for Sale" at lower of the carrying value or Fair Value less cost to sell. Assets classified as held for sales are presented separately in the balance sheets. No depreciation is provided, once the assets is transferred to Assets Held for Sale.

**L. Intangible Assets (IND AS – 38)**

Intangible assets acquired are measured on initial recognition at cost; following initial recognition intangible assets are carried at cost less any accumulated amortization and accumulated impairment loss (if any). The useful lives of intangible assets is assessed for three years.

The costs relating to annual license fees, development, updation, implementation and maintenance of computer software are charged to revenue account.

Gains or losses arising from the retirement or disposal proceeds and the carrying amount of the assets recognized as income or expenses in the Statement of profit and loss when the asset is derecognized.

**M. Financial Instruments (IND AS – 109)**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a. <u>Financial Assets</u>**

**(i) Classification**

The Company classifies financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through Statement of Profit and Loss on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

**(ii) Initial recognition and measurement**

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through Statement of Profit and Loss, transaction costs that are attributable to the acquisition of the financial asset.

**(iii) Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in

below categories:

**(a) Financial assets carried at amortized cost:** A financial asset other than derivatives and specific investments, is subsequently measured at amortized cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to

cash flows that are solely payments of principal and interest on the principal amount outstanding.

**(b) Financial assets at fair value through other comprehensive income:** A financial asset comprising specific investment is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model.

**(c) Financial assets at fair value through Statement of Profit and Loss:** A financial asset comprising derivatives which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**(iv) De-recognition**

A financial asset is primarily derecognized when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset

**(v) Impairment of other financial assets**

The Company assesses impairment based on expected credit losses (ECL) model for measurement and recognition of impairment loss on the financial assets that are trade receivables or contract revenue receivables and all lease receivables etc.

**(vi) Write-off**

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the counterparty does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

**b. <u>Financial Liabilities</u>**

**(i) Initial recognition and measurement**

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

**(ii) Classification**

The Company classifies all financial liabilities as subsequently measured at amortized cost, except for financial liabilities at fair value through Statement of Profit and Loss. Such liabilities, including derivatives shall be subsequently measured at fair value.

(iii) **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below.

a) **Financial liabilities at amortized cost:**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the Effective Interest Rate (EIR) method. Gains and losses are recognized in Statement of Profit and Loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the Statement of Profit and Loss.

b) **Financial liabilities at fair value through Statement of Profit and Loss:**

Financial liabilities at fair value through Statement of Profit and Loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through Statement of Profit and Loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category comprises derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IND AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the Statement of Profit and Loss.

**(iv) De-recognition**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

**(v) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to sell on a net basis, to realize the assets and sell the liabilities simultaneously

## N. Fair Value Measurement (IND AS - 113)

The Company measures financial instruments and specific investments (other than subsidiary, joint venture and associates), at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as below, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## O. Revenue Recognition ( IND AS –115)

Revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring the goods or services to a customer i.e. on transfer of control of the goods or service to the customer. Revenue from sales of goods of rendering of services is net of Indirect taxes, returns and discounts.

### Income from operations

a) **Rooms, Food and Beverage & Banquets:** Revenue is recognized at the transaction price that is allocated to the performance obligation. Revenue includes room revenue, food and beverage sale and banquet services which is recognized once the rooms are occupied, food and beverages are sold and banquet services have been provided as per the contract with the customer. Credit notes received from vendors are recognized on acceptance of claim/receipt of credit note.

b) **Space and shop rentals:** Rentals basically consists of rental revenue earned from letting of spaces for retails and office at the properties. Theses contacts for rentals are generally of short terms in nature. Revenue is recognized in the period in which services are being rendered.

c) **Other allied services :** In relation to laundry income, communication income, health, club income and other allied services, the revenue has been recognized by reference to the time of service rendered. Gain or loss arising out of sale/scrap of PPE over the net depreciated value is taken to Statement of Profit & Loss as Non-Operating Revenue or Expenses.

d) **Other Items:**

i) Scrap Sales, reimbursement to employees towards medical, leave pay, claims of interest from suppliers, other staff claims etc., are recognized on cash basis.

ii) Liability / claims for amounts payable towards dues are recognized to the extent of claims / invoices received

**Contract balance** (effective from April 1, 2018)

**a) Contract assets**

A contract asset is the right to consideration in exchange for goods or service transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

**b) Contract liabilities**

A contract liability is the obligation to transfer services to a customer for which the Company has received consideration form the customer. If a customer pays consideration before the Company transfers goods or services to the customers, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs under the contract

i. **Interest**

Interest income is accrued on a time proportion basis using the effective interest rate method.

ii. **Dividend**

Dividend income is recognized when the Company's right to receive the amount is established.

**P. Leases (IND AS - 116)**

A contract is, or contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

**Company as a lessee**

To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

(i) the contract involves the use of an identified asset

(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and

(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognises a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease. Lease contracts may contain both lease and non-lease components. The Company allocates payments in the contract to the lease and non-lease components based on their relative prices and applies the lease accounting model only to lease components.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for initial direct costs incurred, lease payments made at or before the commencement date, and less any lease incentives received. They are subsequently measured at cost less accumulated depreciation and impairment losses. Right-of-use assets are also adjusted for any re-measurement of lease liabilities. Unless the Company is reasonably certain to obtain ownership of the leased assets or renewal of the leases at the end of the lease term, recognised right-of-use assets are depreciated to a residual value over the shorter of their estimated useful life or lease term.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use asset if the Company changes its assessment if whether it will exercise an extension or a termination option and any lease modification. Payments which are 'in-substance fixed' are charged against the lease liability.

Lease liability and Right of Use Assets have been separately presented in the Balance Sheet and lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and

variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;

- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from operating activities; and
- payments for the principal element of recognised lease liabilities are presented within cash flows from financing activities

**Transition to INDAs 116**

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified Ind AS 116 Leases which replaces the existing lease standard, Ind AS 17 Leases and other interpretations. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both lessees and lessors. It introduces a single, on-balance sheet lease accounting model for lessees. The Company has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the standard to its leases, prospectively with the effect of initially applying the standard, recognised on the date of initial application (April 1, 2019). Accordingly, the Company has not restated comparative information, instead, the prospective effect of initially applying this standard has been recognised as on April 1, 2019.

For transition, the Company has elected not to apply the requirements of Ind AS 116 to leases which are expiring within 12 months from the date of transition by class of asset and leases for which the underlying asset is of low value on a lease-by-lease basis.

**Q. Manufacturer's Credit (Cash &Non Cash Incentives)**

Manufacturer's credit entitlements are accounted for on accrual basis and credited to 'Incidental Revenues' by contra debit to 'Advances'; when the credit entitlement is used, the 'advances' are adjusted against the liability created for either acquiring an asset or incurring an expenditure.

**R. Cash And Cash Equivalents**

Cash and cash equivalents consist of cash at bank and in hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

**S. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Board of Directors assesses the financial performance and position of the group and makes strategic decisions and have identified business segment as its primary segment.

## T. Cash Flow Statement

Cash Flow Statement, as per Ind AS 7, is prepared using the indirect method, whereby profit/loss for the period is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the company are segregated.

**Additional Regulatory Information pursuant to Amendment in Schedule III to the Companies Act, 2013**

a) The Company holds immovable properties with clear title deed. Accordingly, disclosure pertaining to the title deeds of immovable properties that are not held in the name of the Company as at the balance sheet date is not applicable.

b) The Company does not hold any Investment Property. Accordingly, reporting on fair valuation of Investment Property is not applicable.

c) The Company has not revalued any of its Property Plant & Equipment during the Year.

d) The Company does not hold any Intangible Assets. Accordingly, reporting on revaluation of Intangible Assets is not applicable

e) The Company has not advanced loans or advances in the nature of loans to promoters, directors, KMPs and the related parties.

f) The Company does hold Capital-work-in-progress as on 31st March. Accordingly, reporting on Capital Work-in-progress ageing and completion schedule is stated below.

**Capital Work in Progress ageing schedule for the year ended as on March 31, 2024 ( As derived manually billwise and partywise by the management )**

| **Capital Work in Progress as on March 31, 2024** | **Amount in CWIP for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | | 1.72 | - | - | 1.72 |
| Projects temporarily suspended | | | | | - |
| Total | | 1.72 | - | - | - |

**Capital Work in Progress ageing schedule for the year ended as on March 31, 2022 ( As derived manually bill wise and partywise by the management )**

| **Capital Work in Progress as on March 31, 2024** | **Amount in CWIP for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 yea** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | | 1.65 | - | - | 1.65 |

| | | | | | |
|---|---|---|---|---|---|
| Projects temporarily suspended | | | | | - |
| Total | | 1.65 | - | - | 1.65 |

The Company does not hold any Intangibles assets under development. Accordingly, reporting on Intangibles assets under development ageing and completion schedule is not applicable

**h)** The Company does not have any benami property, where any proceeding has been initiated or pending against the Company for holding any benami property.

**i)** The Company does not have any borrowings from banks or financial institutions on the basis of security of current assets

**j)** The Company is not declared wilful defaulter by and bank or financials institution or lender during the year.

**k)** The Company has not undertaken any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**l)** The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**m)** The Company does not have any investment in subsidiaries. Accordingly, Compliance with the number of layers prescribed under clause (87) of section 2 of the Act read with the Companies (Restriction on number of Layers) Rules, 2017 is not applicable.

**n)** Reporting under Compliance with approved Scheme(s) of Arrangements is not applicable to the Company.

**o)** The Company has not advanced or loaned or invested funds to any other person(s) or Company(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (ultimate beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

**p)** The Company has not received any fund from any person(s) or Company(ies), including foreign entities (funding party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
(a) 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**
(b) provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

**q)** The Company does not have any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

**r)** Reporting on Corporate Social Responsibility (CSR) is not applicable to the Company.

**s)** The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

*********

## NOTE 2A & 2B : PROPERTY PLANT AND EQUIPMENT

**(₹ . In Millions)**

| Sl. No. | Particulars | GROSS BLOCK | | | | DEPRECIATION | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As at April 01, 2023 | Additions | Deductions / Adjustments | As at 31-03-2024 | As at April01, 2023 | For the year | Deductions/ Adjustments | Total Upto 31-03-2024 | As at 31-03-2024 | As at 31-03-2023 |
| | **TANGIBLE ASSETS : ( NOTE 2A)** | | | | | | | | | | |
| 1 | LAND (LEASEHOLD) | - | - | - | - | - | - | - | - | - | - |
| 2 | BUILDING & OWNERSHIP FLATS | 265.80 | 17.38 | - | 283.18 | 176.02 | 8.57 | - | 184.59 | 98.59 | 89.78 |
| 3 | PLANT & MACHINERY | 45.71 | 4.96 | - | 50.67 | 30.73 | 2.84 | (0.27) | 33.85 | 16.82 | 14.97 |
| 4 | FURNITURE & FIXTURES | 3.94 | - | - | 3.94 | 3.04 | 0.28 | - | 3.32 | 0.62 | 0.90 |
| 5 | OFFICE EQUIP, ELECTL-INSTALLATIONS ETC. | 34.24 | 0.35 | - | 34.59 | 28.43 | 2.28 | - | 30.70 | 3.89 | 5.81 |
| 6 | VEHICLES | 24.91 | 6.30 | - | 31.22 | 8.48 | 3.15 | - | 11.63 | 19.59 | 16.43 |
| 7 | OBJECT D`ART. | - | - | - | - | - | - | - | - | - | - |
| 8 | COMPUTERS | 2.28 | - | - | 2.28 | 0.62 | 0.63 | - | 1.25 | 1.03 | 1.66 |
| | **TOTAL FOR TANGIBLE ASSETS** | **376.88** | **29.00** | **-** | **405.88** | **247.33** | **17.75** | **(0.27)** | **265.35** | **140.53** | 129.55 |
| | **INTANGIBLE ASSETS : ( NOTE 2B)** | - | - | - | - | - | - | - | - | - | - |
| 1 | Logo | - | 0.75 | | 0.75 | - | 0.25 | - | 0.25 | 0.50 | - |
| | **TOTAL FOR INTANGIBLE ASSETS** | - | 0.75 | - | 0.75 | - | 0.25 | - | 0.25 | 0.50 | - |
| | **TOTAL ASSETS** | **376.88** | **29.74** | **-** | **406.63** | **247.33** | **18.00** | **(0.27)** | **265.59** | **141.03** | **129.55** |
| | Previous Year | 443.57 | 17.85 | 84.53 | 376.88 | 254.78 | 15.89 | 23.34 | 247.33 | 129.55 | 188.79 |

* Object D Art comprises old assests, having been fully depreciated these assets are shown at a residual value of Re 1.each.

** Title Documents in respect of 4 flats in Sheer-e-Punjab Society Andheri Mumbai costing Rs. 0.89 million, purchased during the year 1981-82 have not been executed in favour of the corporation.

The expenses on execution of titled deeds shall be accounted in the year of execution as these expenses cannot be ascertained.

## NOTE 2C: CAPITAL WORK IN PROGRESS

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Capital Work-in-Progress** | 1.65 | 0.06 | - | 1.72 | - | - | - | - | 1.72 | 1.65 |

Capital Work in Progress ageing schedule for the year ended as on March 31, 2024
( As derived manually billwise and partywise by the management )

| **Capital Work in Progress as on March 31, 2024** | **Amount in CWIP for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | | 1.72 | | | 1.72 |
| Projects temporarily suspended | | | | | - |
| Total | | 1.72 | - | - | 1.72 |

Capital Work in Progress ageing schedule for the year ended as on March 31, 2023
( As derived manually billwise and partywise by the management)

| **Capital Work in Progress as on March 31, 2023** | **Amount in CWIP for a period of** | | | | |
|---|---|---|---|---|---|
| | **Less than 1 year** | **1-2 years** | **2-3 years** | **More than 3 years** | **Total** |
| Projects in progress | | 1.65 | | | 1.65 |
| Projects temporarily suspended | | | | | - |
| Total | - | 1.65 | - | - | 1.65 |

## NOTE 3 - RIGHT TO USE AN ASSET

**(₹ In Millions)**

| Particulars | Leasehold Land | Total |
|---|---|---|
| **Balance as at April 01st, 2021** | 349.28 | 349.28 |
| - Other Acquisitions | (53.37) | (53.37) |
| Transition Impact of IND 116 | - | - |
| **Balance as at March 31st, 2022** | **295.92** | **295.92** |
| - Other Acquisitions | (1.66) | (1.66) |
| Transition Impact of IND 116 | - | - |
| **Balance as at March 31st, 2023** | **294.26** | **294.26** |
| - Other Acquisitions | - | - |
| Transition Impact of IND 116 | - | - |
| **Balance as at March 31st, 2024** | **294.26** | **294.26** |
| **Amortisation and Impairment** | | |
| **Balance as at April 01st, 2021** | **55.33** | **55.33** |
| - Amortisation charge for the year | 13.80 | 13.80 |
| Transition Impact of IND 116 | | |
| **Balance as at March 31st, 2022** | **69.13** | **69.13** |
| - Amortisation charge for the year | 22.93 | 22.93 |
| Transition Impact of IND 116 | | |
| **Balance as at March 31st, 2023** | **92.06** | **92.06** |
| - Amortisation charge for the year | 23.08 | 23.08 |
| Transition Impact of IND 116 | | |
| **Balance as at March 31st, 2024** | **115.14** | **115.14** |
| | | |
| **Carrying Value** | | |
| **At March 31, 2021** | **293.95** | **293.96** |
| **At March 31, 2022** | **226.79** | **226.79** |
| **At March 31, 2023** | **202.20** | **02.20** |
| **At March 31, 2024** | **179.12** | **179.12** |

**Note 4 - Non Current Assets - Financial Assets - Other Financial Assets**

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Bank deposits with more than 12 months of original maturity | 1.82 | 2.30 |
| **Total** | **1.82** | **2.30** |

**Note 5 - Other Non Current Assets**

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| **Unsecured considered good** | | |
| Balance with Govt. Authorities | 6.74 | 6.74 |
| Prepaid Expenses | | |
| Advance to employees | | |
| **Sub-total (A)** | **6.74** | **6.74** |
| **Other loans and Deposits** | | |
| Deposits with Public Bodies and with Miscellaneous Parties | 7.76 | 7.74 |
| Security Deposit | 1.51 | 1.44 |
| Unsecured (considered doubtful) | | |
| Security deposit | | |
| | 9.27 | 9.18 |
| Less:- Allowance for bad and doubtful assets | | |
| **Sub-total (B)** | **9.27** | **9.18** |
| **Total (A+B)** | **16.01** | **15.92** |

**The movement in allowance for bad and doubtful assets is as follows:**

| | |
|---|---|
| Balance as at beginning of the year | |
| Allowance for bad and doubtful assets during the year | |
| Written off during the year | |
| Balance as at the end of the year | |

**Note 6 – Inventory**

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Stock of Raw Material/ Food and Beverages | 2.17 | 2.66 |
| Stock of Stores Inventory | 4.38 | 6.95 |
| Stock of Operating Supplies | 0.91 | 2.04 |
| Total | **7.46** | **11.65** |

**Note 7 - Trade Receivables**

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Unsecured, considered good | 97.58 | 38.42 |
| Unsecured, considered doubtful | 40.82 | 79.99 |
| | **138.40** | **118.41** |
| Less: Allowance for Expected Credit Loss | 8.00 | 8.00 |
| **Total** | **130.40** | **110.41** |

**The movement in allowance for expected credit loss is as follows:**

| | | |
|---|---|---|
| **Balance as at beginning of the year** | **8.00** | **8.00** |
| Add: Provision made during the year | | |
| Less: Amount collected/reversal of provision | | |
| **Balance as at the end of the year** | **8.00** | **8.00** |

Trade Receivables ageing schedule for the year ended as on March 31, 2024 ( As derived manually billwise and partywise by the management )

**(₹ In Millions)**

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than6 months | 6 months to 1year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade Receivables- considered | | 97.58 | 3.05 | 1.49 | 6.70 | 29.58 | 138.40 |
| Undisputed Trade Receivables- which have significant increase in credit risk | | | | | | | |
| Undisputed Trade Receivables- credit impaird | | | | | | | |
| Disputed Trade Receivables- considered good | | | | | | | |
| Disputed Trade Receivables- which have significant increase in credit risk | | | | | | | |
| Disputed Trade Receivables- credit impaired | | | | | | | |
| Total | | 97.58 | 3.05 | 1.49 | 6.70 | 29.58 | 138.40 |
| Less: -Allowance for expected credit loss | | | | | | | |
| Total Trade Receivables | | 97.58 | 3.05 | 1.49 | | 29.58 | 138.40 |

Trade Receivables ageing schedule for the year ended as on March 31, 2023. ( As derived manually billwise and partywise by the management )

| Particulars | Outstanding for following periods from due date of payment | | | | | | |
|---|---|---|---|---|---|---|---|
| | Not due | Less than6 months | 6 months to 1 year | 1-2 years | 2-3 years | More than 3 years | Total |
| Undisputed Trade Receivables- considered | | 38.29 | 32.74 | 24.26 | 15.55 | 7.57 | 118.41 |
| Undisputed Trade Receivables- which have significant increase in credit risk | | | | | | | |
| Undisputed Trade Receivables- credit impaird | | | | | | | |
| Disputed Trade Receivables- considered good | | | | | | | |
| Disputed Trade Receivables- which have significant increase in credit risk | | | | | | | |
| Disputed Trade Receivables- credit impaired | | | | | | | |
| Total | | 38.29 | 32.74 | 24.26 | 15.55 | 7.57 | 118.41 |
| Less: -Allowance for expected credit loss | | | | | | | |
| Total Trade Receivables | | 38.29 | 32.74 | 24.26 | | 7.57 | 118.41 |

## Note 8 - Cash and Cash Equivalents

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | ₹ In Millions) |
| Balance with Banks | | |
| in Current Accounts | 59.86 | 7.26 |
| Cash in Hand | 0.04 | 0.08 |
| Bank deposits with original maturity less than 3 months | | 1.05 |
| **Total** | **59.90** | **8.39** |

## Note 9 - Bank Balances other than cash and cash Equivalents

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Margin money deposits | 0.44 | 0.44 |
| Bank deposits with original maturity greater than 3 months but less than 12 months | | 37.10 |
| **Total** | **0.44** | **37.54** |

## Note 10 - Other Current Financial Assets

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| **Advances Recoverable from Parties** | | |
| Unsecured Considered Good | 13.41 | 13.41 |
| Unsecured Considered Doubtful | 245.90 | 245.90 |
| Interest accrued but not due | - | 0.14 |
| Other receivable | **7.33** | **6.23** |
| Advance Recoverable from staff | 2.76 | 2.74 |
| | 269.40 | 268.42 |

| | | |
|---|---|---|
| Less : Allowance for Doubtful Advances/ Receivables | 173.62 | 173.62 |
| **Total** | **95.78** | **94.80** |

**Note 11 - Current tax assets (net)**

| **Particulars** | **As at 31st March 2024** | **As at 31st March 2023** |
|---|---|---|
| | **(₹ In Millions)** | **(₹ In Millions)** |
| Balance with Government Authorities<br>Advance Payment of Income Tax and TDS | 51.48 | 48.99 |
| **Total** | **51.48** | **48.99** |

**Note 12 - Other Current Assets**

| **Particulars** | **As at 31st March 2024** | **As at 31st March 2023** |
|---|---|---|
| | **(₹ In Millions)** | **(₹ In Millions)** |
| Advance Against Interim Relief | 73.34 | 70.15 |
| Advance Against Wage Revision (Union) | 34.48 | 34.48 |
| Prepaid Expenses | 0.03 | 2.88 |
| Advances to suppliers | 0.28 | 4.43 |
| Other Advances. | 8.36 | 1.56 |
| **Total** | **116.49** | **113.50** |

**Note 13- Equity Share Capital**

| | **As at 31st March 2024** | **As at 31st March 2023** |
|---|---|---|
| **Authorised Share Capital** | **(₹ In Millions)** | **(₹ In Millions)** |
| 150,00,000 (P.Y. - 150,00,000) Equity Shares of Rs 100/- each | 1,500.00 | 1,500.00 |
| | **1,500.00** | **1,500.00** |
| **Issued, subscribed and fully paid-up shares** | | |
| 1,37,60,000 (P.Y. - 137,60,000) Equity Shares of Rs 100/- each | 1,376.00 | 1,376.00 |
| | **1,376.00** | **1,376.00** |

**a. Movement in Equity Share Capital**

During the year, the Company has neither issued nor bought back any shares.

**b. Terms and rights attached to equity shares:**

The company has only one class of equity shares having a par value of Rs.100 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees.
In the event of liquidation, Equity Shareholders will be entitled to receive the assets of the company remaining after distribution of all preferential amount, in proportion to the number of shares held by them.

**13.b. Shares held by Holding Company and President of India**

Out of equity shares issued by the company, shares held by its Holding Company and President of India are as below**:**

| **Particulars** | **31-Mar-24** | **31-Mar-23** |
|---|---|---|
| President of India | 27,00,000.00 | 27,00,000.00 |
| Air India Limited (Holding Company) and its nominees ( upto 11-01-2022) | 1,10,60,000.00 | 1,10,60,000.00 |
| AI Assets Holding Limited (Holding Company) and its nominees ( wef 11-01-2022) | 1,10,60,000.00 | 1,10,60,000.00 |

**13.C. Details of shareholders holding more than 5% shares in the company**

| **Particulars** | **31-Mar-24** | | **31-Mar-23** | |
|---|---|---|---|---|
| | **NOS** | **%** | **NOS** | **%** |
| President of India | 2,700,000 | 19.62% | 2,700,000 | 19.62% |
| Air India Limited (Holding Company) and its nominees<br>AI Assets Holding Limited (Holding Company) and its nominees | 11,60,000 | 80.38% | 11,60,000 | 80.38% |
| **TOTAL** | **13,760000** | | **13,760000** | |

**Note 14 - Borrowings**

| **Particulars** | **As at 31st March 2024** | **As at 31st March 2023** |
|---|---|---|
| | **(₹ In Millions)** | **(₹ In Millions)** |
| Amount due to Holding Company | 5,975.63 | 5,482.32 |
| **Total** | **5,975.63** | **5,482.32** |

## Note 15 - Long Term Lease Liabilities

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Long Term Lease Liability | 387.60 | 360.12 |
| **Total** | **387.60** | **360.12** |

## Note 16 - Long Term Provisions

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Provision for employee benefits | | |
| Provision for Leave Encashment | 41.82 | 48.24 |
| Provision for Gratuity | 183.48 | 138.28 |
| Provision for PRMS | 195.04 | 177.52 |
| Provision for Sick Leave Encashment | 8.89 | 10.43 |
| **Total** | **429.23** | **374.47** |

## Note 17 - Short Term Lease Liability

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Short Term Lease Liability | 32.02 | 29.75 |
| Lease Rent Payable | 601.15 | 581.40 |
| **Total** | **633.17** | **611.15** |

**Note 18 - Trade payables**

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Dues of micro and small enterprises | 36.34 | 35.98 |
| Other trade payables | 72.51 | 41.07 |
| **Total** | **108.85** | **77.05** |

**Note :**

(i). The amount due to Micro and Small Enterprises as defined in the "The Micro, Small and Medium Enterprises Development Act, 2006" has been determined to the extent such parties have been identified on the basis of information collected by the Management.

(ii) The disclosures relating to Micro and Small Enterprises are as under:

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| (a) The principal amount remaining unpaid to supplier as at the end of the accounting year | **36.34** | **35.98** |
| (b) The interest due thereon remaining unpaid to supplier as at the end of the accounting year | | |
| (c) The amount of interest paid in terms of Section 16, along with the amount of payment made to the supplier beyond the appointed day during the year | | |
| (d) The amount of interest due and payable for the year | | |
| (e) The amount of interest accrued and remaining unpaid at the end of the accounting year | | |
| (f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid | | |

**Trade payables ageing schedule for the year ended as on March 31, 2024 ( As derived manually billwise and partywise by the management )** **(₹ In Millions)**

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |
| (i) MSME | | 28.37 | 0.31 | 0.14 | 7.52 |
| (ii) Others | | 47.71 | 7.49 | 6.92 | 10.39 |
| (iii) Disputed dues-MSME | | | | | |
| (iv) Disputed dues- Others | | | | | |
| **Total trade payables** | | **76.08** | **7.80** | **7.06** | **17.91** |

**Trade payables ageing schedule for the year ended as on March 31, 2023 ( As derived manually billwise and partywise by the management )**

**(₹ In Millions)**

| Particulars | Outstanding for following periods from due date of payment | | | | |
|---|---|---|---|---|---|
| | Not Due | Less than 1 year | 1-2 years | 2-3 years | More than 3 years |
| (i) MSME | | 26.51 | 9.18 | 0.21 | 0.08 |
| (ii) Others | | 13.58 | 11.13 | 7.18 | 9.18 |
| (iii) Disputed dues-MSME | | | | | |
| (Iv) Disputed dues-Others | | | | | |
| **Total trade payables** | | **40.09** | **20.31** | **7.39** | **9.26** |

**Note 19 - Others Current Financial Liabilities**

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| Payable to employees | 45.91 | 45.58 |
| Other payable | 75.89 | 80.26 |
| Earnest Money Deposit | 4.71 | 4.63 |
| Security Deposit from vendors | 1.51 | 1.43 |
| Retention Money | - | - |
| Provision for Wage Revision Arrears | 146.36 | 146.36 |
| Shop & Other Deposits | 22.79 | 22.79 |
| **Total** | **297.17** | **301.05** |

## Note 20 - Current - Other Current Liabities

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (Rs. In Millions) | (Rs. In Millions) |
| Capital Creditors | - | - |
| Statutory liabilities | 147.47 | 121.48 |
| Outstanding Liabilities | 2.65 | 3.56 |
| Provision towards Interim Relief | 70.74 | 67.69 |
| Other Advances | 4.06 | 6.83 |
| Others | 63.45 | 54.30 |
| **Total** | **288.37** | **253.86** |

## Note 21 - Short Term Provisions

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | (₹ In Millions) | (₹ In Millions) |
| **Provision for employee benefits** | | |
| Leave - Short Term | 20.80 | 14.66 |
| Gratuity - Short Term | 108.71 | 106.55 |
| Provision for PRMS | 9.81 | 15.87 |
| Sick Leave - Short Term | 5.39 | 4.03 |
| **Total** | **144.71** | **141.11** |

**Note 22. Revenue from Operation**

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| | ₹ In Million | ₹ In Million |
| Revenue from Hotels and Flight Kitchen | | |
| Rooms - Guest Accommodation | 162.59 | 130.40 |
| Food, Cigars and Cigarettes | 346.57 | 321.40 |
| Other Services | 111.80 | 79.98 |
| License fees for Shops and Offices | 5.20 | 5.57 |
| **TOTAL** | **626.16** | **537.35** |

**Note 23: Other Income**

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| | ₹ In Million | ₹ In Million |
| Interest Income | 2.61 | 3.15 |
| Profit on sale of asset | 0.00 | 0.00 |
| Excess provision written back | 0.25 | 2.17 |
| Sundry balances written back (Net) | -0.02 | -0.02 |
| Others. | 3.17 | 4.67 |
| **TOTAL** | **6.01** | **9.97** |

**Note 24 :. Cost of Raw Material Consumed**

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| | ₹ In Million | ₹ In Million |
| **Food Consumed (Including Cigars and Cigarettes)** | | |
| Opening stock | 2.66 | 1.69 |
| Add: Purchases | 143.12 | 124.43 |
| Less: Closing stock | (2.17) | (2.66) |
| | **143.61** | **123.46** |
| **Beverages Consumed** | | |
| Opening Stock | | - |
| Add: Purchases | | - |
| Less: Closing stock | | - |
| | - | - |
| **Consumption of Stores and Supplies** | | |
| Opening Stock | 6.95 | 6.73 |
| Add: Purchases | 2.10 | 8.72 |
| Less: Closing Stock | (4.38) | (6.95) |
| | **4.67** | **8.50** |
| **Cost of Raw material consumed** | **148.28** | **131.96** |

**Note 25 :. Employee Benefits**

| Particulars | For the year ended 31st March, 2024 | For the year ended 31st March, 2023 |
|---|---|---|
| | ₹ In Million | ₹ In Million |
| Salaries, Wages , Bonus | 287.60 | 345.80 |
| Gratuity | 21.85 | 25.36 |
| Leave Encashment | 4.15 | (19.53) |
| Post Retirement Medical Benefit | 14.65 | 16.87 |

| | | |
|---|---|---|
| Contribution to Provident Fund and Other Fund | 29.24 | 36.34 |
| Staff Welfare Expenses | 11.22 | 13.33 |
| **TOTAL** | **368.71** | **418.17** |

**Note 26 :. Finance Cost**

| **Particulars** | **For the year ended 31st March, 2024** | **For the year ended 31st March, 2023** |
|---|---|---|
| | **₹ In Million** | **₹ In Million** |
| Interest on borrowings from Holding Company | 493.39 | 452.66 |
| Interest on Statutory Dues | 3.00 | 0.60 |
| Interest on Lease Liability | 29.75 | 27.64 |
| Interest - Others | 1.32 | 0.90 |
| **TOTAL** | **527.46** | **481.80** |

**Note 27 :. Other Expenses**

| **Particulars** | **For the year ended 31st March, 2024** | **For the year ended 31st March, 2023** |
|---|---|---|
| | **₹ In Million** | **₹ In Million** |
| Power & Fuel | 64.60 | 78.62 |
| Lease Rent | 16.12 | 16.86 |
| Security Charges | 9.38 | 10.77 |
| Repairs & Maintenance: | - | - |
| Building | 2.18 | 4.69 |
| Plant and Machinery | 1.32 | 3.82 |
| Others.. | 9.87 | 9.75 |
| Miscellaneous Expenses | 7.05 | 7.78 |
| Travelling & Conveyance: | - | - |
| Travelling | 0.25 | 1.46 |
| Conveyance | 2.55 | 0.44 |

| | | |
|---|---|---|
| Hire charges | 0.24 | 0.11 |
| Vehicle Expenses | 4.01 | 6.65 |
| Soft Furnishing | 2.95 | 2.99 |
| Rates and Taxes | 9.03 | 9.03 |
| Printing and Stationery | 1.88 | 2.46 |
| Legal and Professional Charges | 10.65 | 13.74 |
| Communication costs | 0.86 | 1.35 |
| Insurance | 3.36 | 3.88 |
| Advertisement and Publicity | 0.09 | 0.38 |
| Commission | 12.94 | 4.77 |
| Payment to Auditor (Refer note below) | 0.28 | 0.29 |
| Guest Transportation | 1.03 | 0.33 |
| Provision for Doubtful Advances | 0.00 | 0.23 |
| **TOTAL** | **160.64** | **180.40** |

| **Note : Payment to Auditor** | **For the year ended 31st March, 2024** | **For the year ended 31st March, 2023** |
|---|---|---|
| | **₹ In Million** | **₹ In Million** |
| For Audit Fees | 0.27 | 0.27 |
| For Reimbursement of expenses | 0.01 | 0.02 |
| | **0.28** | **0.29** |

**Note 28 :. Other Comprehensive Income**

| **Particulars** | **For the year ended 31st March, 2024** | **For the year ended 31st March, 2023** |
|---|---|---|
| | **₹ In Million** | **₹ In Million** |
| Gratuity. | (24.62) | 0.43 |
| PRMS. | 0.04 | 17.78 |
| | **(24.58)** | **18.21** |

# Notes forming part of the financial statements for the year ended 31 March 2024

***(Rupees in millions except if otherwise stated)***

## 29 Employee Benefits

### A. Defined Contribution Scheme:

Contributions to Defined Contribution Scheme of Provident Fund and Employee State Insurance are charged to the Statement of Profit & Loss, Rs 36.34 million (Previous Year Rs.36.01 million)

### B. Defined Benefit Plan:

**Gratuity:** Gratuity is payable to all eligible employees of the Company on superannuation, death, or permanent disablement, in terms of the provisions of the Payment of Gratuity Act

**C. Privilege Leave Encashment:** Privilege Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 300 days.

**D. Privilege for Sick Leave Encashment:** Privilege for Sick Leave Encashment is payable to all eligible employees at the time of retirement/termination upto a maximum of 120 days. The provision of which has not been created, as the company is in practice of final settlement when the actual payment is computed/determined

**E. Post Retirement Medical Scheme: P**ost Retirement Medical Scheme is payable to all permanent employees who opt for the scheme at the time of retirement. The reimbursement of medical expenses for self and spouse for their entire lifetime is upto a maximum of Rs 10 lakhs

### F. Disclosure as per Ind AS – 19

| sr no. | Particulars | Gratuity | |
|---|---|---|---|
| | | As at 31.03.24 | As at 31.03.23 |
| a) | Type of Benefit | Gratuity | Gratuity |
| | Country | India | India |
| | Reporting Currency | INR | INR |
| | Reporting Standard | Indian Accounting Standard 19 (Ind AS 19) | Indian Accounting Standard 19 (Ind AS 19) |
| | Funding Status | Unfunded | Unfunded |
| | Starting Period | 01-Apr-23 | 01-Apr-22 |
| | Date of Reporting | 31-Mar-24 | 31-Mar-23 |
| | Period of Reporting | 12 Months | 12 Months |
| | Ref ID | 946254 | 816489 |
| | | | |
| b) | **Assumptions (Previous Period)** | | |
| | Expected Return on Plan Assets | N.A. | N.A. |
| | Rate of Discounting | 7.29% | 6.41% |
| | Rate of Salary Increase | 5.00% | 5.00% |
| | Rate of Employee Turnover | 4.00% | 4.00% |
| | Mortality Rate During Employment | Indian Assured Lives Mortality (2012-14) Ultimate | Indian Assured Lives Mortality (2006-08) Ultimate |
| | | | |
| c) | **Assumptions (Current Period)** | | |
| | Expected Return on Plan Assets | N.A. | N.A. |
| | Rate of Discounting | 7.18% | 7.29% |
| | Rate of Salary Increase | 5.00% | 5.00% |
| | Rate of Employee Turnover | 4.00% | 4.00% |

| | Mortality Rate During Employment | Indian Assured Lives Mortality 2012-14 (Urban) | Indian Assured Lives Mortality (2012-14) Ultimate |
|---|---|---|---|
| | | | |
| d) | **Table Showing Change in the Present Value of Projected Benefit Obligation** | | |
| | Present Value of Benefit Obligation at the Beginning of the Period | **244.83** | **277.56** |
| | Interest Cost | 17.85 | 17.79 |
| | Current Service Cost | 4.89 | 7.57 |
| | Past Service Cost | - | - |
| | Liability Transferred In/ Acquisitions | - | - |
| | (Liability Transferred Out/ Divestments) | (92.94) | - |
| | (Gains)/ Losses on Curtailment | - | - |
| | (Liabilities Extinguished on Settlement) | - | - |
| | (Benefit Paid Directly by the Employer) | | (57.67) |
| | (Benefit Paid From the Fund) | - | - |
| | The Effect Of Changes in Foreign Exchange Rates | - | - |
| | Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | |
| | Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 0.44 | (4.22) |
| | Actuarial (Gains)/Losses on Obligations - Due to Experience | 24.18 | 3.80 |
| | Present Value of Benefit Obligation at the End of the Period | **199.25** | **244.83** |
| | | | |
| e) | **Table Showing Change in the Fair Value of Plan Assets** | | |
| | Fair Value of Plan Assets at the Beginning of the Period | - | - |
| | Interest Income | - | - |
| | Contributions by the Employer | - | - |
| | Expected Contributions by the Employees | - | - |
| | Assets Transferred In/Acquisitions | - | - |
| | (Assets Transferred Out/ Divestments) | - | - |
| | (Benefit Paid from the Fund) | - | - |
| | (Assets Distributed on Settlements) | - | - |
| | (Expenses and Tax for managing the Benefit Obligations- paid from the fund) | - | - |
| | Effects of Asset Ceiling | - | - |
| | The Effect of Changes In Foreign Exchange Rates | - | - |
| | Return on Plan Assets, Excluding Interest Income | - | - |
| | Fair Value of Plan Assets at the End of the Period | - | - |
| | | | |
| f) | **Amount Recognized in the Balance Sheet** | | |
| | (Present Value of Benefit Obligation at the end of the Period) | (199.25) | (244.83) |
| | Fair Value of Plan Assets at the end of the Period | - | - |
| | Funded Status (Surplus/ (Deficit)) | (199.25) | (244.83) |
| | Net (Liability)/Asset Recognized in the Balance Sheet | **(199.25)** | (244.83) |
| | | | |
| g) | **Net Interest Cost for Current Period** | | |
| | Present Value of Benefit Obligation at the Beginning of the Period | 244.83 | 277.56 |
| | (Fair Value of Plan Assets at the Beginning of the Period) | - | - |
| | Net Liability/(Asset) at the Beginning | 244.83 | 277.56 |
| | Interest Cost | 17.85 | 17.79 |
| | (Interest Income) | | |
| | Net Interest Cost for Current Period | **17.85** | **17.79** |
| | | | |
| h) | **Expenses Recognized in the Statement of Profit or Loss for Current Period** | | |
| | Current Service Cost | 4.89 | 7.57 |
| | Net Interest Cost | 17.85 | 17.79 |
| | Past Service Cost | - | - |
| | (Expected Contributions by the Employees) | - | - |
| | (Gains)/Losses on Curtailments And Settlements | - | - |
| | Net Effect of Changes in Foreign Exchange Rates | - | - |
| | Expenses Recognized | **22.74** | **25.36** |
| | | | |
| i) | **Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period** | | |
| | Actuarial (Gains)/Losses on Obligation For the Period | 24.62 | (0.43) |
| | Return on Plan Assets, Excluding Interest Income | - | - |
| | Change in Asset Ceiling | - | - |
| | Net (Income)/Expense For the Period Recognized in OCI | **24.62** | **(0.43)** |
| | | | |
| j) | **Balance Sheet Reconciliation** | | |
| | Opening Net Liability | **244.83** | **277.56** |
| | Expenses Recognized in Statement of Profit or Loss | 22.74 | 25.36 |

| | | | |
|---|---|---|---|
| | Expenses Recognized in OCI | 24.62 | (0.43) |
| | Net Liability/(Asset) Transfer In | - | - |
| | Net (Liability)/Asset Transfer Out | (92.94) | - |
| | (Benefit Paid Directly by the Employer) | | (57.67) |
| | (Employer's Contribution) | - | - |
| | Net Liability/(Asset) Recognized in the Balance Sheet | **199.25** | **244.83** |
| | | | |
| **k)** | **Category of Assets** | | |
| | Government of India Assets | - | - |
| | State Government Securities | - | - |
| | Special Deposits Scheme | - | - |
| | Debt Instruments | - | - |
| | Corporate Bonds | - | - |
| | Cash and Cash Equivalents | - | - |
| | Insurance Fund | - | - |
| | Asset Backed Securities | - | - |
| | Structured Debt | - | - |
| | Other | - | - |
| | **Total** | - | - |
| | | | |
| **l)** | **Other Details** | | |
| | No of Active Members | 217 | 386 |
| | Per Month Salary For Active Members(000) | 10.03 | 16.07 |
| | Weighted Average Duration of the Projected Benefit Obligation | 4.00 | 3.00 |
| | Average Expected Future Service | 4.00 | 3.00 |
| | Projected Benefit Obligation | 199.25 | 244.83 |
| | Defined Benefit Obligtion due but not paid | 31.58 | |
| | Expected Contribution in the next year | - | - |
| | | | |
| **m)** | **Net Interest Cost for Next Year** | | |
| | Present Value of Benefit Obligation at the End of the Period | 199.25 | 244.83 |
| | (Fair Value of Plan Assets at the End of the Period) | - | - |
| | Net Liability/(Asset) at the End of the Period | 199.25 | 244.83 |
| | Interest Cost | 12.04 | 17.85 |
| | (Interest Income) | - | - |
| | Net Interest Cost for Next Year | **12.04** | **17.85** |
| | | | |
| **n)** | **Expenses Recognized in the Statement of Profit or Loss for Next Year** | | |
| | Current Service Cost | 3.74 | 4.89 |
| | Net Interest Cost | 12.04 | 17.85 |
| | (Expected Contributions by the Employees) | - | - |
| | Expenses Recognized | **15.78** | **22.74** |
| | | | |
| **o)** | **Maturity Analysis of the Benefit Payments:** | | |
| | Projected Benefits Payable in Future Years From the Date of Reporting | | |
| | 1st Following Year | 88.72 | 106.55 |
| | 2nd Following Year | 25.24 | 39.44 |
| | 3rd Following Year | 17.41 | 32.16 |
| | 4th Following Year | 22.56 | 16.42 |
| | 5th Following Year | 20.55 | 20.94 |
| | Sum of Years 6 To 10 | 57.15 | 64.87 |
| | Sum of Years 11 and above | 3.65 | 7.88 |
| | | | |
| **p)** | **Sensitivity Analysis** | | |
| | Projected Benefit Obligation on Current Assumptions | **199.25** | **244.83** |
| | Delta Effect of +1% Change in Rate of Discounting | (3.86) | (4.54) |
| | Delta Effect of -1% Change in Rate of Discounting | 4.09 | 4.82 |
| | Delta Effect of +1% Change in Rate of Salary Increase | 4.14 | 4.88 |
| | Delta Effect of -1% Change in Rate of Salary Increase | (3.97) | (4.68) |
| | Delta Effect of +1% Change in Rate of Employee Turnover | 0.30 | 0.38 |
| | Delta Effect of -1% Change in Rate of Employee Turnover | (0.31) | 0.40 |

The sensitivity analysis has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## II Post Retirement Medical Benefits

| sr.no. | Particulars | Post Retirement Medical Benefits | |
|---|---|---|---|
| | | As at 31.03.24 | As at 31.03.23 |
| a) | **Type of Benefit** | Medical | Medical |
| | Country | India | India |
| | Reporting Currency | INR | INR |
| | Reporting Standard | Indian Accounting Standard 19 (Ind AS 19) | Indian Accounting Standard 19 (Ind AS 19) |
| | Funding Status | Unfunded | Unfunded |
| | Starting Period | 01-Apr-22 | 01-Apr-22 |
| | Date of Reporting | 31-Mar-23 | 31-Mar-23 |
| | Period of Reporting | 12 Months | 12 Months |
| | Reference ID | 0 | 0 |
| | | | |
| b) | **Assumptions (Previous Period)** | | |
| | Expected Return on Plan Assets | N.A. | N.A. |
| | Rate of Discounting | 7.53% | 7.40% |
| | Medical cost inflation | 4.00% | 4.00% |
| | Rate of Employee Turnover | 2.00% | 2.00% |
| | Mortality Rate During Employment | Indian Assured Lives Mortality (2012-14)Urban | Indian Assured Lives Mortality (2006-08) Ultimate |
| | Mortality Rate After Employment | Indian Assured Lives Mortality (2012-14)Urban | Indian Assured Lives Mortality (2006-08) Ultimate |
| | | | |
| c) | **Assumptions (Current Period)** | | |
| | Expected Return on Plan Assets | N.A. | N.A. |
| | Rate of Discounting | 7.53% | 7.40% |
| | Medical cost inflation | 4.00% | 4.00% |
| | Rate of Employee Turnover | 2.00% | 2.00% |
| | Mortality Rate During Employment | Indian Assured Lives Mortality (2012-14) Urban | Indian Assured Lives Mortality (2012-14) Urban |
| | Mortality Rate After Employment | Indian Assured Lives Mortality (2006-08) Ultimate | Indian Individual AMT (2012-2015) |
| | | | |
| d) | **Table Showing Change in the Present Value of Projected Benefit Obligation** | | |
| | Present Value of Benefit Obligation at the Beginning of the Period | **193.40** | **207.11** |
| | Interest Cost | 14.56 | 15.32 |
| | Current Service Cost | 1.31 | 1.55 |
| | Past Service Cost | - | - |
| | Liability Transferred In/ Acquisitions | - | - |
| | (Liability Transferred Out/ Divestments) | - | - |
| | (Gains)/ Losses on Curtailment | - | - |
| | (Liabilities Extinguished on Settlement) | - | - |
| | (Benefit Paid Directly by the Employer) | (4.38) | (12.81) |
| | (Benefit Paid From the Fund) | - | - |
| | The Effect Of Changes in Foreign Exchange Rates | - | - |
| | Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions | - | |
| | Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions | 10.81 | (2.72) |
| | Actuarial (Gains)/Losses on Obligations - Due to Experience | (10.85) | (15.05) |

| | | | |
|---|---|---|---|
| | Present Value of Benefit Obligation at the End of the Period | **204.85** | **193.40** |
| | | | |
| **e)** | **Table Showing Change in the Fair Value of Plan Assets** | | |
| | Fair Value of Plan Assets at the Beginning of the Period | **-** | **-** |
| | Interest Income | **-** | **-** |
| | Contributions by the Employer | **-** | **-** |
| | Expected Contributions by the Employees | **-** | **-** |
| | Assets Transferred In/Acquisitions | **-** | **-** |
| | (Assets Transferred Out/ Divestments) | **-** | **-** |
| | (Benefit Paid from the Fund) | **-** | **-** |
| | (Assets Distributed on Settlements) | **-** | **-** |
| | Effects of Asset Ceiling | **-** | **-** |
| | The Effect of Changes In Foreign Exchange Rates | **-** | **-** |
| | Return on Plan Assets, Excluding Interest Income | **-** | **-** |
| | Fair Value of Plan Assets at the End of the Period | **-** | **-** |
| | | | |
| **f)** | **Amount Recognized in the Balance Sheet** | | |
| | (Present Value of Benefit Obligation at the end of the Period) | 204.85 | 193.40 |
| | Fair Value of Plan Assets at the end of the Period | - | - |
| | Funded Status (Surplus/ (Deficit)) | 204.85 | 193.40 |
| | Net (Liability)/Asset Recognized in the Balance Sheet | **204.85** | **193.40** |
| | | | |
| **g)** | **Net Interest Cost for Current Period** | | |
| | Present Value of Benefit Obligation at the Beginning of the Period | 193.40 | 207.11 |
| | (Fair Value of Plan Assets at the Beginning of the Period) | - | - |
| | Net Liability/(Asset) at the Beginning | 193.40 | 207.11 |
| | Interest Cost | 14.56 | 15.32 |
| | (Interest Income) | - | - |
| | Net Interest Cost for Current Period | **14.56** | **15.32** |
| | | | |
| **h)** | **Expenses Recognized in the Statement of Profit or Loss for Current Period** | | |
| | Current Service Cost | 1.31 | 1.55 |
| | Net Interest Cost | 14.56 | 15.32 |
| | Past Service Cost | - | - |
| | (Expected Contributions by the Employees) | - | - |
| | (Gains)/Losses on Curtailments And Settlements | - | - |
| | Net Effect of Changes in Foreign Exchange Rates | - | - |
| | Expenses Recognized | **15.87** | **16.87** |
| | | | |
| **i)** | **Expenses Recognized in the Other Comprehensive Income (OCI) for Current Period** | | |
| | Actuarial (Gains)/Losses on Obligation For the Period | (0.04) | (17.77) |
| | Return on Plan Assets, Excluding Interest Income | - | - |
| | Change in Asset Ceiling | - | - |
| | Net (Income)/Expense For the Period Recognized in OCI | **(0.04)** | **(17.77)** |
| | | | |
| **j)** | **Balance Sheet Reconciliation** | | |
| | Opening Net Liability | **193.40** | **207.11** |
| | Expenses Recognized in Statement of Profit or Loss | 15.87 | 16.87 |
| | Expenses Recognized in OCI | (0.04) | (17.77) |
| | Net Liability/(Asset) Transfer In | - | - |
| | Net (Liability)/Asset Transfer Out | - | - |
| | (Benefit Paid Directly by the Employer) | (4.38) | (12.81) |
| | (Employer's Contribution) | - | - |
| | Net Liability/(Asset) Recognized in the Balance Sheet | **204.85** | **193.40** |
| | | | |
| **k)** | **Category of Assets** | | |
| | Government of India Assets | **-** | **-** |
| | State Government Securities | **-** | **-** |
| | Special Deposits Scheme | **-** | **-** |
| | Debt Instruments | **-** | **-** |
| | Corporate Bonds | **-** | **-** |
| | Cash And Cash Equivalents | **-** | **-** |
| | Insurance fund | **-** | **-** |
| | Asset-Backed Securities | **-** | **-** |
| | Structured Debt | **-** | **-** |
| | Other | **-** | **-** |
| | Total | **-** | **-** |

| | | | |
|---|---|---|---|
| l) | **Other Details** | | |
| | No of Active Members | 367 | 362 |
| | Average Future Term | 30 | 30 |
| | Projected Benefit Obligation (PBO) Total | 30 | 30 |
| | Projected Benefit Obligation (PBO) Due but not paid | 30 | 30 |
| | Expected Contribution in the Next Year | 204.85 | 193.40 |
| | | | |
| m) | **Net Interest Cost for Next Year** | | |
| | Present Value of Benefit Obligation at the End of the Period | 204.85 | 193.40 |
| | (Fair Value of Plan Assets at the End of the Period) | - | - |
| | Net Liability/(Asset) at the End of the Period | 204.85 | 193.40 |
| | Interest Cost | 15.43 | 14.56 |
| | (Interest Income) | | |
| | Net Interest Cost for Next Year | **15.43** | **14.56** |
| | | | |
| n) | **Expenses Recognized in the Statement of Profit or Loss for Next Year** | | |
| | Current Service Cost | 1.21 | 1.31 |
| | Net Interest Cost | 15.43 | 14.56 |
| | (Expected Contributions by the Employees) | - | - |
| | Expenses Recognized | **16.64** | **15.87** |
| | | | |
| o) | **Maturity Analysis of the Benefit Payments:** | | |
| | Projected Benefits Payable in Future Years From the Date of Reporting | | |
| | 1st Following Year | 9.81 | 8.80 |
| | 2nd Following Year | 10.91 | 10.03 |
| | 3rd Following Year | 11.82 | 11.15 |
| | 4th Following Year | 12.95 | 12.08 |
| | 5th Following Year | 13.88 | 13.23 |
| | Sum of Years 6 To 10 | 85.17 | 82.84 |
| | Sum of Years 11 and above | - | - |
| q) | **Sensitivity Analysis** | | |
| | **Defined Benefit Obligation on Current Assumptions** | **204.85** | **193.40** |
| | | | |
| | Delta Effect of +1% Change in Rate of Discounting | (17.77) | (18.86) |
| | Delta Effect of -1% Change in Rate of Discounting | 27.16 | 22.85 |
| | Delta Effect of +1% Change in Rate of Salary Increase | - | - |
| | Delta Effect of -1% Change in Rate of Salary Increase | - | - |
| | Delta Effect of +1% Change in Rate of Employee Turnover | - | - |
| | Delta Effect of -1% Change in Rate of Employee Turnover | - | - |

The sensitivity analysis have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the projected benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the projected benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same method as applied in calculating the projected benefit obligation as recognised in the balance sheet

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

## 30. Deferred Tax Assets

The Company has not recognized deferred tax assets arising on account of carried forward tax losses and unabsorbed depreciation to the extent of the deferred tax liability arising since the availability of sufficient future taxable income against which the said benefits can be set off is not possible to be ascertained with virtual certainty.

## 31. Contingent Liabilities and Contingent Assets:

### A. Contingent Liabilities

**In compliance with Ind AS 37 on "Provisions, Contingent Liabilities and Contingent Assets", the required information is as under:**

| No. | Description | Opening Balance as on 1st April 2023 | Additions during the year 2023-24 | Utilisation during the year 2023-24 | Reversals during the year 2023-24 | Closing Balance as on 31st March 2024 |
|---|---|---|---|---|---|---|
| i) | Luxury Tax | 22.89 | - | - | | **22.89** |
| ii) | Service Tax | 58.00 | - | - | | **58.00** |
| iii) | Counter claim of Sahara Hospitality Ltd | 23.57 | - | - | - | **23.57** |
| iv) | Arbitration Award for B D & P Hotels challenged in Court | 5.40 | - | - | - | **5.40** |
| v) | Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra | 44.80 | - | - | - | **44.80** |
| vi) | Landscaping of Centaur Hotel Srinagar claimed by Shere kashmir Convention Centre, J&K Govt. disputed by HCI | 50.62 | - | - | | **50.62** |
| vii) | Awards that have gone against the Company and preferred an appeal | 1.06 | - | - | - | **1.06** |
| viii) | Interest on dues payable to AAI/DIAL/MIAL | 939.28 | - | - | (30.22) | **909.06** |
| ix) | Claims of employees | - | | | | **-** |
| **Total** | | **1,145.62** | **-** | **-** | **(30.22)** | **1,115.40** |

**Claims against the Company not acknowledged as debts**

i) Claims of Luxury Tax authorities, for financial year 2000-01 and 2002-03 for which the Company has preferred an appeal with Additional Commissioner of Sales Tax against which Company has paid Rs.7.07 million (previous year Rs. 7.07 million) under protest.

ii) Claims of Service Tax amounting to Rs. 58 million for which the Company has preferred appeals

iii) Counter Claim of Rs. 23.57 million by M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of Centaur Hotel Mumbai Airport, towards Net Current Assets which was disputed by the Company, as the Net Current Assets and other obligations of the buyer were to be settled in terms of the Agreement to Sell dated 18.4.2002. In the prior years, the Hon'ble Arbitral Tribunal published their award under which the buyer had to pay Rs 18.8 million and interest thereon along with legal costs of Rs 0.40 million. The buyers preferred an appeal in the Hon'ble High Court of Bombay against the award.The Hon'ble High Court has set aside the Arbitration Award. This has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing .

iv) The Management Contract Agreement executed on 15 September 2010 with M/s B.D.&P Hotels (India) Pvt Limited for running the Centaur Hotel Lake View, Srinagar (CLVH) under Management Contract. However, before handing over the unit, a communication was received from the Ministry forwarding the decision taken in the meeting of the Committee of Secretaries, GoI stating that J&K Govt had indicated that since the land was leased to the Company by J&K Government, the Management Contract was not feasible and the decision of offering the unit under Management Contract may be reviewed. Accordingly, with the approval of the Board the said Management Contract was terminated on 26 September 2011 and the interest free Security Deposit of Rs.100 million and proportionate Minimum Guaranteed Amount of Rs 10.8 million deposited by the party was returned to the Bidder, M/s BD & P Hotel (India) Pvt. Ltd.
M/s B.D.&P Hotels (India) Pvt Limited had filed a writ in the High Court of Bombay for invoking arbitration. The Hon'ble High Court granted the appeal of the party and sole arbitrator was appointed. The party challenged the termination of the Agreement and claimed Rs 3410 million plus 18% interest from the Company, The Arbitration Award was received on 14th August 2015 directing HCI to hand over the property to the party along with legal cost of Rs 5.4 million, which was challenged by the Company in the Hon'ble High Court of Bombay . Vide order dated 8 January 2019 passed by the single judge the arbitration petition has been dismissed.
Subsequently, the Company has challenged the said order before the Division Bench of Hon'ble High Court of Bombay in March 2019 and is still pending for hearing. The options available to the Company are being explored with the guidance of the Senior Counsel in the matter.

v) The Company had entered into an Agreement with M/s. N S Associates for renovation of guest rooms together with connected shafts and corridors at Centaur Hotel Delhi Airport(CHDA). Certain disputes and differences arose with the said Party and the final bill was not settled. Accordingly, the party invoked arbitration clause claiming an amount of Rs 78.78 million and interest thereon @ 15%. The Arbitration Award was published by the Learned Arbitral Tribunal on 19.10.2019 by holding that the Company has to pay only Rs. 8.84 million along with litigation costs of Rs.0.5 million plus 12% interest payable to the party. M/s N S Associates have filed an execution petition for the award under which warrants are to be issued . As per the execution order the company has provided liability for an amount of Rs 1977 million which includes interest upto 10.08.2024 , further interest payable till the date of settlement of the claim, shall be provided as and when the claim is settled .

vi) Subsequent to the sale of Centaur Hotel Juhu Beach in 2002, Govt. of Maharashtra claimed an amount of Rs 44.8 million from M/s V. Hotels Limited and from the Company for premium payable on the transfer of 1810 sq.mtr of land attached to the hotel property which was on lease from the State Govt. and is to be kept open to sky - to be used only as garden. The same was disputed by the Company before the Revenue Minister, Government of Maharashtra quoting the Agreement to Sell . The Order of the State Government dated 1.6.2014 has directed M/s V. Hotels to make payment of the said premium. M/s V. Hotels Limited has challenged the order in the Bombay High Court, wherein the Company has been made a party.

vii) Pertains to the Company's share of the cost of landscaping of Centaur Hotel Srinagar claimed by Shere Kashmir Convention Centre/ J&K Govt., disputed by the Company

viii) Awards that have gone against the Company for which appeals are preferred

ix) Lease rentals and Turnover levy amounting to Rs 601.15 million(previous yearRs. 581.40 million) are payable to Airports Authority of India (AAI)/DIAL/MIAL and the same are provided in the books of accounts as per the working of the Company, subject to confirmation . In view of disputes with AAI/DIAL/MIAL, interest on account of outstanding dues payable to AAI/DIAL/MIAL amounting to Rs 909.06million (previous year939.28 million) is reflected as Contingent Liability.

x) Claims made by employees - various claims on account of reinstatement, promotions, permanency, wage revision, etc by existing and retired employees of the Company are under litigation and the claims will depend on the outcome of the cases. Hence amount is indeterminate

**B** **Contingent Assets**

The Hon'ble Arbitral Tribunal published their award under which M/s Sahara Hospitality Ltd. (formerly known as M/s Batra Hospitality Pvt. Ltd.), the buyer of erstwhile Centaur Hotel Mumbai Airport had to pay an amount of Rs 18.8 million and interest thereon along with legal costs of Rs 0.40 million to the Company . However, the buyers preferred an appeal in the Hon'ble High Court of Bombay against the award.The Hon'ble High Court set aside the Arbitration Award, which has been challenged by the Company before the Divisional Bench of the Hon'ble High Court of Bombay which has been admitted and is pending for hearing . (refer 30 A iii) above)

**32** The matters relating to cost of construction of Centaur Lake View Hotel Srinagar and the cost sharing arrangement between the hotel and Sher e Kashmir Convention Centre (SKICC) between the Company and Government of Jammu & Kashmir (J&K) had been agreed by both the parties in a joint meeting held on 15 October 2004 and all the matters of divergent views were settled. Consequent upon the agreement, the following amounts were receivable / payable:

**a)** Amount receivable from J & K government in respect of cost sharing arrangements with SKICC is Rs .135.42 million - (previous year Rs 127.04 million )- (Note 10)

**b)** Amount receivable from J & K government on account of joint construction of the hotel and SKICC in 1982- Rs 29.78 million and interest subsidy Rs 12.00 million, totalling to Rs 41.78 million (Note 10)

**c)** Amount payable to J & K government on account of joint construction of the hotel and SKICC in 1982 is Rs. 39.68 million (Note No. 20)

These balances are subject to reconciliation and confirmation. Adjustment, if any will be accounted in the year in which finality is reached.

However, as a matter of abundant caution, the Company has not made any Provision f or Doubtful Advances on the above matter during the current financial year

**33 Take over of the Centaur Lake view Hotel by the Government of UT of J&K**

J&K Govt. vide its Order dated 03.05.2021 constituted a committee to negotiate with HCI to finalize all matters relating to the disposal of the Hotel. Despite a reminder sent on September 6, 2021 by the then Secretary, MoCA to initiate discussions with the HCI management, J&K Govt. instead sent a Termination Notice dt 27.12.2021 alleging that HCI had sublet the premises & given this violation, the lease stands determined and asked for the Hotel to be handed over to the J&K Govt. within 15 days. HCI submitted a detailed representation dt 24.01.2022 & requested for a meeting to resolve this. J&K Govt. appointed an Estate Officer who issued a notice dated 05.04.2022 under J&K Public Premises Act asking HCI to Show Cause as to why HCI should not be evicted. This was responded within the deadline. A Caveat was also filed by them on 09.04.2022. Estate Officer then sent an Eviction Notice on 25.04.2022 giving HCI 45 days to vacate. HCI filed an Appeal with the DM on 04.05.2022. Post receiving an approval from MoCA on 06.05.2022, HCI filed a Writ against the Termination Notice in the J&K HC which was dismissed dt. 02.06.2022. HCI filed a SLP in SC & despite the orders of the SC on 08.06.2022, J&K Govt sent forces on 14.06.2022 to seal the property & forcefully took possession of the hotel. The matter was again contested in J&K HC. HCI, J&K Govt., Workers Union & BD&P Hotels have completed the Arguments & the judgement is reserved.Subsequently the dispute was settled by the resolution of AMRD, as per the AMRD resolution communicated by MoCA vide letter refer F.AV17046/43/2021/AI dated 17.07.2023 .The Centaur Lake View Hotel, Srinagar , handed over to UT of J&K stand transferred to the UT of J&K, The UT of J&K has already taken over 145 employees of HCIL wirking at Centaur Lake View Hotel Srinagar,UT of J&K has agreed the following claims which may be paid to HCIL within one month:

(i) Valuation of CLVH Srinagar at Net Block as on 31.03.2022 Rs 6.07 Crore
(ii) Employees liability for Govt.of J&K w.e.f.01.03.2023 onwards Rs 17.58 Crore
(iii) Salary of workers (Rs. 2.79 Crore) and officers(Rs. 0.29Crore) for the months of March, April, May and June 2023. UT of J&K need to further examine the followign claims and on such examination the claims will be settled within a period of forty five days :

(i) Revision of rates for CRPF/BSF Rs.19.69 Crore.
UT of J&K needs further justification/details/documentation for examining following claims.on such provision of justification/detailing/documentation& upon examination by UT of J&K the claims will be settled within a period of 45 days:

(i) Cost sharing expenses as per books as on 31.03.2022.
Accordingly the consideration towards the Net block of the CLVH unit as on 31.03.2022 of Rs 61.00 Million has been shown as amount receivable from the Government of UT of J&K.The company is following up with the J&K Governmant for realisation of the above mentioned dues.

**34 Wage Revision:**

a) The earlier wage agreements with workmen had expired on 31.12.2006. The Unions submitted their Charters of Demands
After protracted negotiations between Wage Negotiation Committee of the Management and Co-Ordination Committee of HCI Unions and after receipt of final approval from the Ministry of Civil Aviation, the Memorandum of Understanding dated 08.08.2019 was entered into between the unions and the Company for implementing wage revision for the Unionised category of employees for a period of 10 years effective 18.08.2008. The wage revision was implemented in the financial year 2019-20.
In view of the above , total estimated provision for arrears of wage revision for the unionised category of employees as on 31.3.2023 is Rs 146.36 million (Refer note no. 19) against which an advance of Rs 34.48 million is shown in the books of accounts (Refer note no.12). The calculations for arrears payable to employees effective 08.08.2008 are in progress. Hence any differential provision would be made in the year it is finalised.

**b)** The wage revision relating to the Officers Cadre which was due on 01.01.2007 for a period of 10 years is pending. In view of the financial position of the Company the wage revision for the officers has been deferred.
The Management had announced an interim relief of Rs 5,000/- per month per employee for officers effective 1.1.2017 which continues to be paid and has been expensed out in the Statement of Profit and Loss Account. As and when wage revision is approved, this amount would be adjusted against arrears payable , if any, for which employeewise details have been maintained separately in the books of accounts as Advance against Interim relief Rs.73.34 million and Provision against Interim Relief amounting to Rs 70.74 million (Refer note no.12 and 20).

**35 Renovation of Hotels :**

The Company received a sum of Rs 50 Mns during 2015-16 against issue of equity shares from the Government of India for renovation of hotels. In April 2017, the Company appointed a Consultant to undertake the upgradation and refurbishing of 75 guest rooms and other allied works for Centaur Srinagar. The same is not actively pursued in view of the situation in the Valley and handing over of the Srinagar hotel property to the J&K Government.

**36 Commitments:**

**Capital Commitments**

Estimated amount of contracts remaining to be executed on Capital Account are given hereunder:

| Particulars | As at 31st March 2024 | As at 31st March 2023 |
|---|---|---|
| | - | - |
| **Total** | - | - |

**37 Confirmations of Balances**

**i)** The Company has reconciled the balances in respect of Trade Receivables, Trade Payables, in respect of the Holding Company and its subsidiaries as on 31st March 2024

**ii)** The Company is also obtained confirmation of balances in respect of major Trade payables, other Trade Receivables, Loans and Advances, Deposits and Other Liabilities as on 31st March, 2024. Confirmation from some of the trade receivables are in process Accordingly, such accounts reflect the balances as per their respective ledger accounts and are subject to adjustments, if any on reconciliation of accounts. The difference, if any, will be adjusted in the accounts as and when reconciliation is completed.

## 38 LEASES- IND AS 116

The Company has taken land on lease which are generally long term in nature with varying terms, escalation clauses and renewal rights expiring from thirty to ninety-nine years. On renewal, the terms of the leases are renegotiable.

### a) Total lease liabilities are analysed as under:

| **Particulars** | **31.3.2024** | **31.3.2023** |
|---|---|---|
| Current | 32.02 | 29.75 |
| Non-current | 387.60 | 360.12 |
| **Total** | 419.62 | 389.87 |

### b) Exposure to Future Cash Flows:

The Company has not made lease payments & Turnover Leavy to AAI/DIAL/MIAL (Refer Note no.17 ) even the interest accrued on the principal amount has been considered as contingent (Refer Note no. 30 Aix), hence undiscounted cash flow of lease liabilities & Turnover Leavy cannot be ascertained. There is no as such payment profile and therefore maturity analysis cannot be prepared.

## 39 Earnings Per Share:

| **Particulars** | **As at 31.03.2024** | **As at 31.03.2023** |
|---|---|---|
| Profit/(Loss) After Tax & Extra-Ordinary Items | **(614.27)** | **(703.83)** |
| Less: Extra-Ordinary Items | **-** | **-** |
| Profit/(Loss) After Tax & Before Extra-Ordinary Items | **(614.27)** | **(703.83)** |
| **Weighted Average No. of Equity Shares** | **13.76** | **13.76** |
| **EPS** | | |
| a) Basic | **(44.64)** | **(51.15)** |
| b) Diluted | **(44.64)** | **(51.15)** |

## 40 Remuneration to Auditors:

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

| **Particulars** | **2023-24** | **2022-23** |
|---|---|---|
| Audit fees- For the year | 0.27 | 0.27 |
| Out of Pocket Expenses of previous auditors | 0.02 | 0.02 |
| **Total** | **0.29** | **0.29** |

**41** Segment information is provided in Annexure "I" as per Ind AS 108 "Operating Segments" under Rule 7 of the Companies (Accounting) Rules, 2014.

**42 Related Party Transactions:**

Disclosure of the names and designations of the Related Parties as required by Indian Accounting Standard (IND AS-24) during the year 2022-23 and 2023-24 are given below:

**Related Party Relationships**

**i) Holding Company**

Air India Limited upto 11.01.2022
AI Assets Holding Ltd w.e.f. 11.01.2022

**ii) Group/Associates Companies**

a) AI Airport Services Limited (AIASL) (formerly AIATSL)
b) AI Engineering Services Limited (AIESL)
c) Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL)

**iii) Person having significant influence**

President of India (through his representative)

**A Key Management Personnel & Relatives :**

**Key Managerial Personnel & Relatives**

Deepak Khullar - Chief Executive Officer

T.C.Dalal - Chief Financial Officer upto 30.06.2023

K Gopal krishna - CFO from 28.06.2023

Isha Jain - Company Secretary (upto 22.08.2022)

Sonam Gosain- Company Secretary

**Transactions with Key Managerial Personnel:**

**i)** There are no business transactions with key managerial personnel or their relatives

**ii) Key Managerial Remuneration**

**(₹ in million)**

| S.No | Particulars | as at 31.3.2024 | as at 31.3.2023 |
|---|---|---|---|
| 1 | Deepak Khullar - Chief Executive Officer | **2.40** | **2.40** |
| 2 | T.C.Dalal - Chief Financial Officer upto 30.06.2023 | **0.23** | **0.90** |
| 3 | K Gopal Krishna - CFO from 28.06.2023 | **1.13** | **0.63** |

| | | | |
|---|---|---|---|
| **4** | Isha Jain- Company Secretary (upto 22.08.2022 ) | **1.26** | **0.42** |
| **5** | Sonam Gosain- Company Secretary (wef 06.12.2022) | **5.02** | **4.35** |

**B** In terms of Ind AS 24, following are the disclosure requirements related to transactions with certain Government Related entities i.e. Significantly controlled and influenced entities by Government of India (not included in the list above) :

**(₹ in million)**

| S. No. | Name of the Entities and Nature of transactions | 2023-24 | 2022-23 |
|---|---|---|---|
| | **AI Assets Holding Limited** | | |
| | Loan payable | **(5,972.88)** | **(5,482.32)** |
| | Finance Cost | **(493.39)** | **(452.66)** |
| | Sales | **2.62** | **0.02** |
| **2** | **AIAHL SUBSIDIARIES** | | |
| **i)** | **Sales during the year** | | |
| | AI Airport Services Limited (AIASL) (formerly AIATSL) | **5.99** | **13.82** |
| | AI Engineering Services Limited (AIESL) | **18.48** | **18.49** |
| | Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL)) | **3.50** | **1.98** |
| | | **-** | **-** |
| **ii)** | **Trade Receivables as on 31.3.2024** | | |
| | AI Assets Holding Ltd. | **0.13** | **0.01** |
| | AI Airport Services Limited (AIASL) (formerly AIATSL) | **4.30** | **5.28** |
| | AI Engineering Services Limited (AIESL) | **7.67** | **3.88** |
| | Alliance Air Aviation Limited (AAAL)(formerly known as Airlines Allied Services Ltd. (AASL)) | **0.47** | **0.52** |

Note: The Related Parties have been identified by the Company and relied upon by the auditors

**43** Luxury Tax liability of Centaur Delhi as on 31st March 2024 is NIL (previous year NIL). The Company is in the process of defreezing the bank accounts frozen by the Luxury Tax authorities in 2012-13,hence confirmations of bank accounts amounting to Rs 0.61 million is on the date of freezing.

**44** As per the Agreement between Airports Authority of India (AAI) and the Company the lease period for the land on which Centaur Hotel Delhi and Chefair Delhi is located, is valid till 31.3.2032 . However AAI had served notice dated 8 November 2016 for early termination of

lease of land as the land is required by them for airport expansion. With the intervention of Ministry of Civil Aviation, an extension up to 31 December 2019 for vacating the said leasehold land has been granted. Thus the Company was required to give vacant possession of land by 30.11.2019 and surrender the said leasehold land to AAI by 31 December 2019. In this regard, negotiations for compensation to be claimed from AAI were carried out in consultation with the Ministry.

Accordingly, a meeting was convened on 04.11.2019 by Secretary Civil Aviation to discuss the matter regarding compensation on termination of Lease agreement to HCI. In the said meeting AAI clarified that as per the proposed Master Plan 2016 for Indira Gandhi International Airport, Delhi the project at the HCI hotel site is to be developed under the Master Plan phase commencing from 2026 and it was also confirmed that the HCI property is not infringing the proposed runway but the land would be required for parking of aircraft.

Secretary, Civil Aviation stated that AAI needed to take an economic call on the issue taking into consideration the economics of allowing HCI to continue operations for the balance lease period. In view of the above, it was decided in the meeting that in case AAI decides that the land is not required by AAI for aeronautical purpose then full permission may be given to HCI for commercial utilisation including O&M contract for the remaining period of the lease. The said decision was communicated to HCI vide Ministry's letter 20.12.2019 allowing HCI to use the land/structure upto the expiry of the existing lease period i.e. on 31.03.2032 and to vacate the land positively upon the expiry of lease period. It was also conveyed that since HCI has defaulted in payment of AAI dues from 2002 onwards as per the terms of agreement, an Arbitrator may be appointed as per the provisions of existing agreement to sort out the dispute, which is pending. In the meanwhile, DIAL filed a Writ in the Delhi High Court challenging the Ministry's letter dated 20.12.2019. A single judge bench vide order dated 20.10.2022 under WP (C) 134/2021 quashed the MoCA letter dated 20.12.2019 and gave the judgement in favour of DIAL. HCI has appealed against the order of the single judge bench to the Divisional Bench at the Delhi High Court vide LPV No 619/2022, the matted is under final hearings and the next hearing is scheduled on 20.01.2025

**45 The Micro, Small and Medium Enterprises Development Act**

The Micro, Small and Medium Enterprises suppliers defined under "The Micro Small and Medium Enterprises Development Act 2006" have been identified . The payments to such undertakings covered under Micro Small and Medium Enterprises are generally being made within the prescribed credit period agreed upon with the supplier and hence no interest has been provided .The estimated amount of interest towards delayed payments on the outstanding amounts due as on 31.03.2024 is Rs 31.68 millions the same shall be provided as and when demand if any is made during the settlement.

**46** The Company had conducted physical verification of each group of fixed assets in 2023-24. All the assets so verified have been mapped with the Fixed Assets Register during the year 2023-24 . No major discrepancies have been observed.

**47** There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) 'Impairment of Assets'.

**48 The company is in the process of :**

a) streamlining the inventory reporting system in terms of generation of reports towards movement of item-wise store records and configuring of the stores ledger during the year. At the year end, consumption as per the stores records is reconciled with the financial records and adjustments are duly accounted for.

b) instituting a maker checker process in order that a system of checks and balances is in place to prevent revenue leakage through Purchase and misuse and to ensure proper control over the Procurement and Consumption Cycles.

**49 The Company is in the process of :**

a) strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company

b) Reviewing the frequency of verification of cash,cheques, drafts etc., in hand through internal audit/officers other than cashiers.

c) Laying down Standard Operating Procedures with regard to timely accounting of all transactions to ensure that proper books of accounts are maintained.

**50** In the opinion of the Company, the Current Assets and Loans and Advances are approximately of the value stated if realised in the ordinary course of business. The provision for all known liabilities is adequate and not in excess of the amount reasonably necessary.

**51 Going Concern:**

The Company faces significant uncertainties which has impacted the operations of the Company adversely. Management believes that as per estimates made conservatively, the Company will continue as a going concern and will be able to discharge its liabilities and realise the carrying amount of its assets as on March 31, 2024.

Inspite of the negative Net Worth of the Company as at the balance sheet date, considering the continuous support Government of India will ensure the company runs its business as going concern. The Company has received funding support of Rs 57.14 Crores from the GOI, by way of equirty infusion through AIAHL on 20.10.2024. Also, the Company has signed Master Service Agreements with Air India which is valid upto 31.03.2025 and Catering Agreement with M/s Spicejet Limited valid up to 01.05.2025, which ensures that company will be able to run its business as going concern in near future. Accordingly the Company has prepared its accounts on a "going concern" basis .Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues in view of the following:

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, The company has obtained the ISO Certification and is in process to upgrade the present facilities.

Refurbishment of additional 30 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level.

**52** Previous year figures have been regrouped/ reclassified to conform presentation as per Ind AS as required by Schedule III of the Act.

**53** The financial statements were authorised for issue by the Board of Directors on 20.12. 2024

**The accompanying notes are an integral part of the Financial Statements**
**As per our report of even date**

**As per our report of even date**
**For JAIN JAGAWAT KAMDAR & Co.**
**Chartered Accountants**
**Firm Registration No. 122530W**

**Sd/-**
**CA Agnel Rodrigues**
Partner
Membership No: 156128

Place : Mumbai
Date : 28.02.2025

**For and on behalf of the Board of Directors of**
**HOTEL CORPORATION OF INDIA LIMITED**

**Sd/-**
**Asangba Chuba Ao**
Chairman
DIN : 08086220

**Sd/-**
**Rubina Ali**
Nominee Director
DIN : 08453990

**Sd/-**
**Shobhit Gupta**
Chief Executive Officer

**Sd/-**
**K.Gopal Krishna**
Chief Financial Officer

**Sd/-**
**Sonam Gosain**
Company Secretary
Place : New Delhi
Date : 10.02.2025

**Annexure I**

## Hotel Corporation of India Ltd

## Segmentwise Reporting for the year 2023-2024

**A. PRIMARY BUSINESS SEGMENT :** **As at 31st March 2024**

**₹ in Millions**

| Particulars | Hotels | Flight Kitchens | Others | Total |
|---|---|---|---|---|
| 1. SEGMENT REVENUE | 188.50 | 437.66 | 6.01 | 632.17 |
| | (174.30) | (369.62) | (3.40) | (547.32) |
| 2. SEGMENT RESULT (LOSS) | (126.22) | 3.70 | (516.33) | (638.85) |
| | (141.39) | (59.17) | (485.06) | (685.62) |
| (Loss after Interest, Exceptional and Extraordinary Items) | | | | |
| 3. SEGMENT ASSETS | 432.20 | 293.84 | 75.61 | 801.65 |
| | (431.34) | (244.61) | (100.95) | (776.90) |
| 4. SEGMENT LIABILITIES | 514.94 | 654.57 | 7,095.22 | 8,264.73 |
| | (1,158.44) | (925.77) | (5,516.92) | (7,601.13) |
| 5. CAPITAL EMPLOYED | (82.74) | (360.73) | (7,019.61) | (7,463.08) |
| | (727.10) | (681.16) | (5,415.97) | (6,824.23) |
| 6. TOTAL CAPITAL EXPENDITURE | 17.38 | 12.36 | - | 29.74 |
| | 5.61 | 12.23 | - | 17.84 |

Figures in brackets relate to previous year.

**B. GEOGRAPHICAL SEGMENT:**

The Company provides services within India and hence, does not have any operations in economic environments with different risks and returns. Hence, it is considered that the Company is operating in a single geographical segment.

# ANNUAL REPORT

## 2023-2024

## AI ASSETS HOLDING LIMITED


**AI ASSETS HOLDING LIMITED**

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