August 19, 2026

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 2024-25.

We are herewith submitting the Annual Report for FY 2024-25 of AI Assets Holding Limited as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Kindly take the above in your record.

Yours faithfully,

For AI Assets Holding Limited

KAVITA Digitally signed by KAVITA
Date: 2026.08.19 18:59:20 +05'30'

Kavita Tanwar
Company Secretary
ACS29486

AI Assets Holding Limited (AIAHL)

7th ANNUAL REPORT

2024-25



AI ASSETS HOLDING LIMITED

1 Management Replies - Final.indd 2 19-08-2026 6:26:30 PM

CONTENTS

		Page No.
1.	Corporate Information	4
2.	Chairman's Speech	6
3.	Directors' Report	9
	a. Management Discussion and Analysis Report	29
	b. Corporate Governance Report	32
4.	Standalone Financial Statements for the year ended 31st March 2025	
	a. Comments of the Comptroller and Auditor General of India	47
	b. Independent Auditors' Report	48
	c. Balance Sheet as at 31st March 2025	81
	d. Statement of Profit and Loss for the year ended 31st March 2025	83
	e. Cash Flow Statement for the year ended 31st March 2025	84
	f. Statement of Change in equity for the year ended 31st March 2025.	86
	g. Notes forming part of the Financial Statements for the year ended 31st March 2025	87
5.	Consolidated Financial Statements for the year ended 31st March 2025 of the Group	
	a. Comments of the Comptroller and Auditor General of India	133
	b. Independent Auditors' Report	134
	c. Balance Sheet as at 31st March 2025	224
	d. Statement of Profit and Loss for the year ended 31st March 2025	226
	e. Cash Flow Statement for the year ended 31st March 2025	228
	f. Statement of Change in equity for the year ended 31st March 2025.	230
	g. Notes forming part of the Financial Statements for the year ended 31st March 2025	231

1 Management Replies - Final.indd 3 19-08-2026 6:26:30 PM

CORPORATE INFORMATION

BOARD OF DIRECTORS (as on 10.08.2026)

1. Shri Amit Kumar, Chairman and Managing Director
2. Shri Padam Lal Negi
3. Smt. Priyanka Das
4. Smt. Laya Madduri

CHIEF FINANCIAL OFFICER

Shri Alok Kumar Jain

COMPANY SECRETARY

Smt. Kavita Tanwar

STATUTORY AUDITORS

M/s Kumar Mittal & Co.
Chartered Accountants
New Delhi

SECRETARIAL AUDITORS

M/s T. Chatterjee &Associates
Practising Company Secretaries
New Delhi

NCD BONDS LISTED ON

BSE Limited

REGISTRAR AND SHARE TRANSFER AGENT

1. Link Intime India Pvt. Ltd
2. KFin Technologies Private 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.:
Email: company.secretary@aiahl.in
www.aiahl.in

1 Management Replies - Final.indd 4 19-08-2026 6:26:30 PM

BOARD OF DIRECTORS



Shri Amit Kumar
Chairman and Managing Director



Shri Padam Lal Negi
Nominee Director



Smt. Priyanka Das
Nominee Director



Smt. Laya Madduri
Nominee Director

1 Management Replies - Final.indd 5 19-08-2026 6:26:31 PM

CHAIRMAN'S MESSAGE

Dear Shareholders,



It is my privilege to present the 7th Annual Report of the Company for the year 2024-25. 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 group of Companies during FY 2024-25 is as under:

Consolidated Financials for AIAHL and Group Companies

The Consolidated Financial Statement represents your group of Company's financials consisting of AIAHL and four Subsidiaries 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 loss of the AIAHL group for FY 2024-25 was ₹1,153.62 million compared to previous year's PAT of ₹904.14 million. On consolidation basis, while subsidiaries within the disposal group experienced a modest profit increase of ₹167.08 million, this was offset by total tax expenses amounting to ₹494.55 million. The loss was further increased by higher deferred tax at the holding company level, incurring as expenditure of ₹865.26 million this year compared to an income of ₹3,760.44 million in the financial year 2023-24.

Standalone Financials

AI Assets Holding Limited: During FY 2024-25, the Company recorded a Profit Before Tax of ₹3,437.47 million and a Profit After Tax of ₹2,572.21 million, after accounting for Provision for Tax Current year (₹85.89 million) & Tax adjustment relating to earlier year (₹111.34 million) and Deferred Tax Expense (₹668.03 million) arising from carry-forward losses of previous year compared to the previous year (FY 2023-24) Net profit of ₹4847.11 million after Deferred tax income of ₹3760.44 million.

The profit before tax increased by ₹2350.80 million (216%) from the previous year profit due to increase in total income by ₹1817.76 million and decrease in total Expenses by ₹533.04 million in FY 2024-25 in comparison to previous FY 2023-24.

AI Engineering Services Limited (AIESL), a wholly owned subsidiary: During FY 2024-25, the total revenue of the Company was ₹19,460.50 million as against the total revenue of ₹21,830.27 million during FY 2023-24. The total expenses were ₹15,627.38 million as against the total expenses of ₹15,524.50 million during FY 2023-24. The Company reported a net profit of ₹4,046.60 million during FY 2024–25 as against a net profit of ₹2,576.61 million in FY 2023–24, mainly due to accounting for exceptional item (write back of 3rd PRC provision of ₹1208.30 million).

AI Airport Services Limited (AIASL), a wholly owned subsidiary: During FY 2024-25, the total revenue of the Company was ₹10,037.05 million as against the total revenue of ₹8,759.78 million during FY 2023-24. The total expenses were ₹9,996.12 million as against expenses of ₹7,988.73 million during FY 2023-24. The increase in expenditure was primarily attributable to higher employee benefit expenses, which rose to ₹7,612.66 million during FY 2024–25 from ₹5,958.11 million in FY 2023–24. Accordingly, the Company reported a net profit after tax of ₹29.38 million during FY 2024–25 as against a net profit after tax of ₹404.26 million in FY 2023–24. AIASL has recorded the highest ever earned revenue of ₹10,037.05 million in FY 2024-25 since, the operationalization of the Company.

Alliance Air Aviation Limited (AAAL), a wholly owned subsidiary: During FY 2024–25, the Company recorded total revenue of ₹8,213.52 million as against ₹9,625.53 million in FY 2023–24. The decline in revenue was primarily

1 Management Replies - Final.indd 6 19-08-2026 6:26:32 PM

attributable to lower aircraft availability, with an average of 12 aircraft per day during FY 2024–25 as compared to an average of 15 aircraft per day in the previous financial year. Total expenses during FY 2024–25 stood at ₹15,042.91 million as against ₹15,859.13 million in FY 2023–24. Consequently, the Company reported a net loss of ₹6,828.03 million during FY 2024–25 as compared to a net loss of ₹6,218.98 million in the previous financial year.

Hotel Corporation of India Limited (HCIL), subsidiary: During FY 2024–25, the Company recorded total revenue of ₹463.61 million as against ₹632.17 million in FY 2023–24. Total expenses stood at ₹1267.61 million compared to ₹1246.44 million in the FY 2023-24. The increase in expenses was primarily due to higher employee costs arising from wage revision arrears pertaining to unionised workers recognised during the year. Accordingly, the Company reported a net loss of Rs. 825.14 million during FY 2024–25 as against a net loss of ₹638.85 million in FY 2023–24.

FY 2024–25 represents a transition and reset phase for the Company, with a strategic focus on strengthening operational quality and preparing for new revenue models. The Company has initiated various cost optimisation measures, and operating costs are being progressively rationalised.

Operational Performance

Standalone performance

AI Assets Holding Limited, during FY 2024-25, the Company recorded Rental income of ₹1,127.33 million as compared to previous income of ₹1636.76 million. However total income increased to ₹16,134.84 million in FY 2024-25 from ₹14,317.08 million in FY 2023-24.

It is further noteworthy that AIAHL contributed to the Exchequer through payments of GST (net of Input credit availed) amounting to ₹324.8 million during FY 2024-25.

AI Engineering Services Limited, during FY 2024–25, AI Engineering Services Limited (AIESL) continued to strengthen its position as a leading Maintenance, Repair and Overhaul (MRO) service provider in the region. The Company provided line maintenance services to major domestic airlines including Air India, Air India Express, Alliance Air and Akasa Air, as well as several international carriers such as Qatar Airways, Oman Air, Singapore Airlines, Malaysia Airlines, Kuwait Airways and Royal Brunei Airlines, among others. The Company also continued to provide line maintenance support at Kathmandu, reflecting its expanding international footprint.

In addition to line maintenance, AIESL provided base and engine maintenance services to a diverse customer base comprising airlines, cargo operators and global aircraft lessors. The Company continued to support aircraft maintenance, storage recovery, return-to-service and re-delivery activities at its key MRO facilities located in Delhi, Mumbai, Nagpur and Thiruvananthapuram.

During the year, AIESL further strengthened its technical capabilities and global credibility by maintaining approvals from 16 foreign civil aviation authorities, including the Federal Aviation Administration and the European Union Aviation Safety Agency. The Company also enhanced its engine maintenance capabilities, including development of checks for CFM LEAP-1A engines, while its engine test cell at Nagpur MRO secured approvals for testing GEnx and GE90 engines. Capability enhancements were also undertaken across other regions to cater to the growing maintenance requirements of next-generation aircraft such as ATR, NEO and MAX fleets.

AI Airport Services Limited, during FY 2024–25, AIASL continued to strengthen its operational performance and industry leadership. The Company handled more than 1.5 lakh Air India Group and Alliance Air flights, in addition to over 43,000 scheduled client airline flights and more than 23,000 non-scheduled operator flights. With its presence now spread across about 91 airports in India, AIASL remains the largest ground handling agency in the country with an estimated market share of around 48%. The Company also manages international cargo warehouses at Chennai and Mumbai and achieved a significant milestone by securing Regulated Agent (RA and RA3) status, enabling direct cargo movement to the UK and Europe.

AIASL continued to play a vital role in national operations by handling VVIP/SESF flights of the Hon'ble President, Vice President and Prime Minister of India, and by providing ground handling support for various defence operations across Indian airports. AIASL received several recognitions for its service excellence, including the "Best Ground Handler" award at Chennai Airport by SF Airlines. Further strengthening its global engagement, AIASL was recognized as a valued member of the Ground Handling Partnership Program of the International Air Transport Association for the year 2025. AIASL successfully handled Aero India 2025 at Yelahanka Airport, Bengaluru, the

1 Management Replies - Final.indd 7 19-08-2026 6:26:32 PM

largest defence air show in Asia organized by the Ministry of Defence.

Alliance Air Aviation Limited, during FY 2024–25, 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 RCS UDAN flights on Jaipur-Bikaner, Jaipur-Kullu, Dehradun/Kullu,Mumbai-Jalgaon, Jalgaon/Ahmedabad, Ahmedabad/Keshod, Guwahati/ Tezu, Tezu/ Imphal, Guwahati/Rupsi, Kolkata/Rupsi, Tezu/Jorhat, Pasighat/Shillong and Pasighat/Shillong routes. Further, under the Viability Gap Funding (VGF) support extended by the State Governments of Haryana, Manipur, Chhattisgarh and Uttarakhand, Alliance Air commenced flights on routes suggested by these State Government's. These State supported routes are essential in providing connectivity to geographically challenging and strategically vital regions, particularly in the North-East. Alliance Air won the award for Best Indian PSU for excellence in Regional Connectivity and Best CSR Initiative Award for our flagship programme providing school children with their first flight experience.

Hotel Corporation of India Limited, during FY 2024–25, the Company focused on strengthening its operational performance across its hospitality and catering segments. The Centaur Hotel at IGI Airport (Terminal 3) remained the core operational asset, with emphasis on improving occupancy levels, increasing ARR, and establishing itself as a preferred venue for weddings, conferences, and social events, supported by high-quality food and service standards. In the catering segment, Chefair Mumbai expanded its operations by commencing in-flight catering services for airlines such as Air India, SpiceJet, Alliance Air, and charter flights, leading to increased operational activity. The Company also initiated measures for cost optimisation and operational efficiency, while exploring renovation and upgrade plans to enhance guest experience and support future growth.

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.

The monetization process of AI transferred assets is actively being 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 support.

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.

Sd/-

Amit Kumar
Chairman & Managing Director

1 Management Replies - Final.indd 8 19-08-2026 6:26:32 PM

DIRECTORS' REPORT

To
The Members,
AI Assets Holding Limited.

The Directors of your Company present the 7th 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, 2025.

1. FINANCIAL PERFORMANCE

(₹in million)

Particulars	2024-25 Standalone	2023-24 Standalone	2024-25 Consolidated	2023-24 Consolidated
Total Income	16,134.84	14,317.08	10,505.49	9,089.21
Total Expenses	12,697.37	13,230.41	12,693.55	13205.73
Profit/(Loss) before exceptional Items, Tax & Comprehensive Income	3,437.47	1,086.67	(2,188.06)	(4,116.52)
Exceptional Items	-	-	-	-
Profit/(Loss) before Tax	3,437.47	1,086.67	(2,188.06)	(4,116.52)
Tax Expenses incl. Deferred Tax	(865.26)	3,760.44	(865.26)	3,760.44
Profit/(Loss) for the year (A)	2,572.21	4,847.11	(3,053.32)	(356.08)
Profit/loss) from the entities included in disposal group held for sale (a)	-	-	3,004.22	2,837.14
Tax Expense of entities included in disposal group held for sale (b)	-	-	1,006.37	1500.92
Profit/loss) from the entity included in disposal group held for sale (a & b) = (B)	-	-	1,997.85	1336.22
Net Profit/(Loss) for the year after tax C= (A-B)	2,572.21	4,847.11	(1,055.47)	980.14
Total Comprehensive Income (D)		-	(98.15)	(76)
Total Comprehensive Income / (loss) for the year E=(C-D)	2,572.21	4,847.11	(1,153.62)	904.14

During FY 2024-25, the Company recorded a Profit Before Tax of ₹3,437.47 million and a Profit After Tax of ₹2,572.21 million, after accounting for Provision for Tax for Current year (₹85.89 million) & Tax adjustment relating to earlier year (₹111.34 million) and Deferred Tax Expense (₹668.03 million) arising from carry-forward losses of previous year compared to the previous year (FY 2023-24) Net profit of ₹4847.11 million.

The profit before tax increased by ₹2350.80 million (216%) from the previous year profit due to increase in total income by ₹1817.76 million and decrease in total Expenses by ₹533.04 million in FY 2024-25 in comparison to previous FY 2023-24.

The Consolidated Net loss of the AIAHL group for FY 2024-25 is ₹1,153.62 million compared to previous year's PAT of ₹904.14 million. On consolidation basis, while subsidiaries within the disposal group experienced a

1 Management Replies - Final.indd 9 19-08-2026 6:26:32 PM

modest profit increase of ₹167.08 million, this was offset by total tax expenses amounting to ₹494.55 million. The loss was further increased by higher deferred tax at the holding company level, incurring as expenditure of ₹865.26 million this year compared to an income of ₹3,760.44 million in financial year 2023-24.

2. STATE OF COMPANY AFFAIRS:

i. During the year, the Company earned a rental income of ₹1127.33 million. As part of the asset monetization, three properties located at Dibrugarh, Khajurao & Bhopal were returned to the respective allotting authority against compensation of ₹32.49 million. Further, the Government of India approved the sale of Air India Building, Nariman Point to Govt. of Maharashtra at sale price of ₹16,010/- million. The Company also leased the Central Training Establishment, Hyderabad to Air India for the period 27.01.2024 to 31.12.2025 at a monthly lease rental of ₹. 12.4 million plus applicable GST. In addition, the transfer of the Indian Airlines Housing Colony, Meenabakkam, Chennai to Airport authority of India (AAI) was approved at Sale consideration of ₹2791.5 million.

ii. The Company used only 74% of Government Grant, remaining Company utilized its own resources.

iii. 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 ₹1,030.00 million (₹510 million for FY 2023-24). In addition to the government grant, the company also received ₹61.97 million (₹106.73 million for FY 2023-24) from the eligible AI retirees for joining the Medical scheme.

3. CAPITAL STRUCTURE

The Authorized Share Capital of the Company is ₹700,000,000,000/- divided into 70,000,000,000 equity shares of ₹10 each. As on 31st March 2025, the Issued, Subscribed and Paid-up Share Capital of the Company was ₹6,30,22,59,00,000/- divided into 63,02,25,900,00 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 5,71,40,000 equity shares of Rs. 10 each to the Government of India for providing financial support of ₹571.40 million to Hotel Corporation of India Limited, subsidiary of the Company. The same was infused as equity in Hotel Corporation of India limited.

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 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.

To comply with the provisions of the Companies Act 2013, the Company has constituted a CSR committee in its 58th Board meeting held on 21.11.2025.

1 Management Replies - Final.indd 10 19-08-2026 6:26:32 PM

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
9.	Listing on Stock Exchange	BSE	BSE	BSE
10.	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:

S. No	As on 31st March, 2025
1.	Shri Amit Kumar ,CMD-AIAHL (DIN: 11001643)
2.	Shri Padam Lal Negi, JS & FA, MoCA (DIN: 10041387)
3.	Shri Solomon Arokiaraj, JS, IPP, DEA (DIN: 06802660)
4.	Shri Manoj Kumar, AS, DIPAM, Min. of Finance (DIN 07442202)
5.	Shri Shobhit Gupta, JS, MoCA (DIN: 10642877)

1 Management Replies - Final.indd 11 19-08-2026 6:26:32 PM

	As on the date of Board's Report
1.	Shri Amit Kumar, CMD-AIAHL (DIN: 11001643)
2.	Shri Manoj Kumar, AS, DIPAM (DIN: 10977541)
3.	Shri Padam Lal Negi, JS & FA, MoCA (DIN: 10041387)
4.	Smt. Priyanka Das, JS, MoCA (DIN: 07424336)
5.	Smt. Laya Madduri, JS,IFS, DEA (DIN: 11704330)
6.	Smt. Smitha Mol M.S. DS, MOCA (DIN: 08184463)

b. Changes in Board of Directors during FY 2024-25 and to date

During the year FY 2024-25

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Shri. Rahul Jain, JS, DIPAM (DIN: 07442202)	12.12.2023	14.05.2024
2.	Shri. Alok Pande, AS, DIPAM (DIN:10631871) (appointed vice Shri. Rahul Jain)	16.05.2024	25.02.2025
3.	Shri. Shobhit Gupta, JS, MoCA (DIN: 10642877) (appointed vice Shri Asangba Chuba Ao)	25.05.2024	13.05.2026
4.	Shri Asangba Chuba Ao, JS, MoCA (DIN: 08086220)	01.01.2024	11.03.2025
5.	Shri Manoj Kumar, AS, DIPAM (DIN: 10977541) (appointed vice Shri Alok Pande)	28.02.2025	30.06.2026
6.	Shri Amit Kumar, CMD, AIAHL (DIN: 11001643)	13.03.2025	-

Since 31st March 2025 to date

Sr. No.	Name, Designation and DIN	Date of Appointment	Date of Cessation
1.	Shri Solomon Arokiaraj, JS IPP, DEA, Ministry of Finance (DIN: 06802660)	27.12.2022	04.08.2025
2.	Shri Baldeo Purushartha JS, IPP, DEA, Ministry of Finance (DIN: 07570116) (appointed vice Shri Solomon Arokiaraj)	04.08.2025	15.02.2026
3.	Smt. Smitha Mol M S, DS, MoCA (DIN: 08184463)	04.08.2025	10.07.2026
4.	Dr. Alok Tiwari, JS, IPP, DEA, Ministry of Finance (DIN: 11409207) (appointed vice Shri Baldeo Purushartha)	16.02.2026	13.05.2026
5.	Smt. Priyanka Das, JS MoCA (DIN: 07424336) (appointed vice Shri Shobhit Gupta)	13.05.2026	-
6.	Smt. Laya Madduri, JS,IFS, DEA (DIN: 11704330) (appointed vice Dr. Alok Tiwari)	13.05.2026	-

1 Management Replies - Final.indd 12 19-08-2026 6:26:32 PM

9. KEY MANAGERIAL PERSONNEL (KMP)

During the Financial Year 2024-25, the following were the KMP of the Company:

Sr. No.	Name	Designation	Date of Appointment	Date of Cessation
1.	Shri Asangba Chuba Ao, JS, MoCA	Chairman and Managing Director	01.01.2024	11.03.2025
2.	Shri Amit Kumar	Chairman and Managing Director	13.03.2025	-
3.	*Shri Rajiv Kapoor	CFO	12.11.2021	10.06.2026
4.	Smt. Kavita Tanwar	CS	01.08.2022	Continuing

*Shri Alok Kumar Jain appointed as CFO w.e.f. 01.07.02026

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. nominee Directors, who are independent from the executive functioning of the company except Chairman and Managing Director.

However, the Company requested Ministry of Civil Aviation (MoCA) for the appointment of Independent Directors vide various letters and latest being 7th August, 2025. The appointment of Independent Director on the Board of the AIAHL is awaited.

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

Total Six Meetings of the Board of Directors were held during the year, the details of which are provided in the Corporate Governance Report.

12. SUBSIDIARIES

AI Engineering Services Limited (AIESL) is a wholly owned subsidiary of AI Assets Holding Limited and is one of the largest DGCA-approved Maintenance, Repair and Overhaul (MRO) organisations in India, with operations across major airports including Delhi, Mumbai, Hyderabad, Thiruvananthapuram, Kolkata and Nagpur. During the year, AIESL continued to provide line maintenance, base maintenance and engine maintenance services to domestic and international airlines. The Company further strengthened its technical capabilities through continued approvals from foreign aviation authorities and enhancement of maintenance capabilities for next-generation aircraft and engines.

During FY 2024–25, AIESL reported total revenue of ₹19,460.50 million as against ₹21,830.27 million in FY 2023–24. The Company reported a net profit of ₹4,046.60 million as compared to ₹2,576.61 million in the previous financial year, primarily on account of the write-back of provision relating to the 3rd Pay Revision Committee amounting to ₹1,208.30 million.

AI Airport Services Limited (AIASL) is a wholly owned subsidiary of AI Assets Holding Limited and is engaged in providing ground handling and allied airport services across India. During the year, AIASL provided ground handling services at approximately 91 airports and catered to Air India Group, Alliance Air and various domestic and international airline customers. The Company also continued its cargo handling operations at major airports.

During FY 2024–25, AIASL reported total revenue of ₹10,037.05 million as against ₹8,759.78 million in FY 2023–24 and recorded a net profit after tax of ₹29.38 million as compared to ₹404.26 million in FY 2023–24. The decline in profit was primarily attributable to an increase in employee benefit expenses, which rose to ₹7,612.66 million during FY 2024–25 from ₹5,958.11 million in the previous financial year.

During the year, AIASL provided ground handling services across approximately 91 airports in India and handled flights of Air India Group, Alliance Air and various domestic and international airline customers. The Company also continued cargo handling operations and received recognition for its operational performance and service excellence.

1 Management Replies - Final.indd 13 19-08-2026 6:26:32 PM

Alliance Air Aviation Limited (AAAL) is a wholly owned subsidiary of AI Assets Holding Limited and provides regional air connectivity services across India. The Company operates services to 51 destinations with approximately 478 departures per week through a fleet comprising ATR 72, ATR 42 and Dornier aircraft. During the year, AAAL continued to play a significant role in enhancing regional connectivity under the Regional Connectivity Scheme (RCS)-UDAN and commenced operations on several new routes, including routes supported by State Governments under Viability Gap Funding arrangements.

During FY 2024–25, AAAL reported total revenue of ₹8,213.52 million as against ₹9,625.53 million in FY 2023–24 and recorded a net loss of ₹6,828.03 million. The decline in revenue was primarily attributable to lower aircraft availability, with an average deployment of 12 aircraft per day during FY 2024–25 as compared to 15 aircraft per day in the previous financial year.

Hotel Corporation of India Limited (HCIL) is a subsidiary of AI Assets Holding Limited, which holds 86.14% of its equity share capital, while the remaining 13.86% is held by the President of India. HCIL is engaged in the business of owning, operating and managing hotels and flight catering services. During the year, the Company continued its hospitality and catering operations through Centaur Hotel, New Delhi and Chefair Mumbai. The Company also undertook various measures aimed at improving operational efficiency, expanding catering operations and optimising costs.

During FY 2024–25, HCIL reported revenue of ₹463.61 million as against ₹632.17 million in FY 2023–24 and recorded a net loss of ₹825.14 million as compared to a net loss of ₹638.85 million in FY 2023–24. The increase in loss was primarily attributable to higher employee costs arising from wage revision arrears recognised during the year.

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. The 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 2024-25 are as under:

No. of RTI Applications received during the year: 35

No. of RTI Applications disposed off during the year: 35

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

d. Corporate social Responsibility 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.

1 Management Replies - Final.indd 14 19-08-2026 6:26:32 PM

Composition of Committee:

As on 31st March 2025, the Composition of the Committee is provided herein below:

Particulars of Director	Position held in the Committee
Shri Padam Lal Negi JS & FA, MoCA	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Shri Solomon Arokiaraj JS IPP, DEA, Ministry of Finance	Member
Shri Shobhit Gupta JS, MoCA	Member

The Board has accepted the recommendations of the 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 15th September, 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 reconstituted NRC from time to time in compliance with the applicable provisions.

Composition of Committee:

As on 31st March 2025, the Composition of the Committee is provided herein below:

Particulars of Director	Position held in the Committee
Shri Padam Lal Negi JS & FA MoCA	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Shri Manoj Kumar AS, DIPAM	Member
Shri Shobhit Gupta JS, MoCA	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:

Particulars of Director	Position held in the Committee
Shri Padam Lal Negi JS & FA MoCA	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Shri Manoj Kumar AS, DIPAM	Member
Shri Shobhit Gupta JS, MoCA	Member

1 Management Replies - Final.indd 15 19-08-2026 6:26:32 PM

D. Corporate Social Responsibility Committee (CSR)

In compliance with the requirements of section 135 of the Companies Act, 2013, the Board in its 58th meeting held on 21st November 2025 constituted the CSR Committee with the following members:

Particulars of Director	Position held in the Committee
Shri Manoj Kumar AS, DIPAM	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Smt. Smitha Mol M.S DS, MoCA	Member

The other details pertaining to the Audit Committee, Nomination and Remuneration Committee Stakeholders Relationship Committee and Corporate Social Responsibility 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 5th June 2015. During FY 2024-25, all the Directors on the Board are GoI appointed Nominee Directors except Chairman and Managing Director.

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 Air India.

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 FY 2021-22 AIAHL had advanced an amount of ₹562.50 million to Alliance Air Aviation Ltd (AAAL) towards security deposit placed by AAAL with their Aircraft lessors for the Aircraft lease requirements. The said advance continues to remain outstanding during the current financial year.

AIAHL has in addition arranged Guarantees to the foreign lessors of AAAL on behalf of AAAL for its leased aircraft of USD 71.74 million equivalent to ₹5,983.47 million as per the provisions of Section 186 of the Companies Act, 2013.

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, etc. are the present bondholders.

1 Management Replies - Final.indd 16 19-08-2026 6:26:32 PM

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 FUNCTIONS

The Vigilance Department, AIAHL is headed by Dr. Nikhil Kumar Kanodia, IPS (OD:2003) as Chief Vigilance Officer (CVO), w.e.f 6th September. 2024 apart from his principal charge of CVO, Airports Authority of India.

The Vigilance Department, AIAHL has been persistently working towards implementing anti-corruption measures more effectively with Preventive Vigilance as a key thrust area by collective participation of each & every employee across AIAHL & its subsidiaries companies. Emphasis is placed on fostering a culture of transparency, accountability, and ethical conduct through the collective participation of employees across AIAHL and its subsidiary companies. Regular visits and inspections by the CVO, AIAHL, have been undertaken to promote awareness and encourage proactive vigilance practices at all levels. This year, as per the CVC directive, Vigilance Awareness Week 2024 was observed in AIAHL & its subsidiaries companies from 28th October 2024 – 3rd November 2024 with the following theme:

"सत्यनिष्ठा की संस्कृति से राष्ट्र की समृधि"
"Culture of Integrity for Nation's Prosperity"

As a prelude to VAW-2024, a three-month Preventive Vigilance Campaign was conducted from 16th August 2024 to 15th November 2024 across AIAHL and its subsidiaries. The campaign focused on:

- Capacity building and sensitization programmes
- Systemic improvements and process streamlining
- Promotion of digital initiatives to enhance transparency and efficiency

In line with the CVC mandate, targeted training programmes and workshops were organized for officials of AIAHL and its subsidiaries, covering five identified training areas to strengthen vigilance administration and institutional integrity.

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

AIAHL has complied with the provisions of Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. As per provisions under the Act, an Internal Complaints Committee (ICC) has been constituted for dealing with complaints of sexual harassment of women at workplace. The members of the ICC have been provided training programs to equip them, with relevant knowledge and tact enquiring into the complaints.

1 Management Replies - Final.indd 17 19-08-2026 6:26:32 PM

Following is the summary of sexual harassment complaints:

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

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

The following material changes and commitments affecting the financial position of the Company occurred between the end of the financial year 2024-25 and the date of this Report:

a. During the period, DAE, Ireland and Abelo-Flex, the lessors of aircraft leased to Alliance Air Aviation Limited (a wholly owned subsidiary of the Company), invoked 13 and 3 Standby Letters of Credit/Bank Guarantees (SBLCs/BGs), respectively, issued by the Company, aggregating to USD 19.05 million and USD 7.092 million, respectively. Consequently, the Company's banker, State Bank of India (SBI), liquidated the corresponding 105% cash margins amounting to ₹170.42 crore in November 2025 and ₹65.13 crore in January 2026, respectively.

b. The Company received sale consideration of ₹55.81 crore in January 2026 towards the transfer of the AI Building situated at 39, C.R. Avenue, Kolkata and ₹1,601 crore in June 2026 towards the transfer of the AI Building situated at Nariman Point, Mumbai to the Government of Maharashtra.

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, 2025, 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, 2025 and of the profit and loss of the Company for the financial period ended March 31, 2025;

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, 2025 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, 2024 to 31st March 2025.

ii. STATUTORY AUDITORS' REPORT

For Standalone Financial Statements for the financial year ended March 31, 2025, 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.

1 Management Replies - Final.indd 18 19-08-2026 6:26:32 PM

However, for the Consolidated Financial Statements for the financial year ended March 31, 2025, Management clarifications/explanations to the eight qualifications or adverse remarks in the auditor's Report pertaining to AIESL and one qualification or adverse remarks in the auditor's Report pertaining to AAAL, is annexed to this Annual report.

iii. INTERNAL AUDITOR

M/s SN Kapur & Associates, Chartered Accountants, was appointed by the Board of Directors to conduct the Internal Audit of the Company for the FY 2024-25 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 2024-25. The Secretarial Audit Report and the Management Replies for the Financial year ended March 31, 2025 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 30.07.2026 under Section 143 (6) of the Companies Act, 2013, for the year ended 31st March, 2025.

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

The Company has initiated induction of energy conservation policies and technology. As the direct operations are very limited, hence the Company is ensuring energy efficient vehicles for use and through its subsidiaries imbibing solar energy and EV vehicles for use in operations.

(B) Foreign Exchange Earnings and Outgo

During the year under review, there was no foreign exchange earnings and outgo during the year under review.

33. SECRETARIAL STANDARDS

During FY 2024-25, the Company has complied with all applicable mandatory Secretarial Standards issued by the Institute of Company Secretaries of India.

1 Management Replies - Final.indd 19 19-08-2026 6:26:32 PM

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 forms 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, 2014 is 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

Date: 10-08-2026	**Sd/-**	**Sd/-**
Place: New Delhi	**Amit Kumar** **Chairman and Managing Director** **DIN:11001643**	**Padam Lal Negi** **Director** **DIN: 10041387**

1 Management Replies - Final.indd 20 19-08-2026 6:26:32 PM

Annexure I

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 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, 2025, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions on an 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 2024-25 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 Note 9.4 (Disinvestment plan of the subsidiaries) – Notes to Accounts of Standalone Financial Statements FY 2024-25.	
	Interest@1% per annum on Advances to AAAL	01-04-2024 To 31-03-2025		5.63
	Interest @ 9% per annum on Outstanding Recoveries	01-04-2024 To 31-03-2025		2,627.48
	Rentals	01-04-2024 To 31-03-2025		-
	Expenditure			
	Bank charges on SBLC reimbursed by AAAL	01-04-2024 To 31-03-2025		49.43

1 Management Replies - Final.indd 21 19-08-2026 6:26:32 PM

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)
AI Engineering Services Limited (AIESL) (Wholly owned Subsidiary Company)	**Revenue**		Refer Note. 28 (D) (Related Party Disclosures) and Note 9.4 (Disinvestment plan of the subsidiaries) Notes to Accounts of Standalone Financial Statements FY 2024-25.	
	Interest on Outstanding Recoveries	01-04-2024 To 31-03-2025		1,879.64
	Rentals & Others	01-04-2024 To 31-03-2025		1,532.69
	Expenditure			
	Manpower Charges	01-04-2024 To 31-03-2025		97.00
AI Airport Services Limited (AIASL) (Wholly owned Subsidiary Company)	**Revenue**		Refer Note. 28 (D) (Related Party Disclosures) and Note 9.4 (Disinvestment plan of the subsidiaries) Notes to Accounts of Standalone Financial Statements FY 2024-25	
	Interest on Outstanding Recoveries	01-04-2024 To 31-03-2025		47.35
	Rental & Others	01-04-2024 To 31-03-2025		136.69
	Expenditure			
	Manpower Charges & Others	01-04-2024 To 31-03-2025		6.22
Hotel Corporation of India Limited (HCI) (Subsidiary Company)	**Revenue**		Refer Note. 28 (D) (Related Party Disclosures) and Notes to Accounts of Standalone Financial Statements FY 2024-25	
	Interest on Outstanding Recoveries	01-04-2024 To 31-03-2025		529.99
	Expenditure			
	Meeting expenses	01-04-2024 To 31-03-2025		0.14

For and on behalf of the Board
AI Assets Holding Limited

Date: 10-08-2026
Place: New Delhi

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

Sd/-
Padam Lal Negi
Director
DIN: 10041387

1 Management Replies - Final.indd 22 19-08-2026 6:26:32 PM

Annexure II

Secretarial Audit Report
Form MR-3
(For the financial year ended 31-03-2025)

[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

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**, (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

1 Management Replies - Final.indd 23 19-08-2026 6:26:33 PM

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, 2025 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, 2025, 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, 2025 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.

1 Management Replies - Final.indd 24 19-08-2026 6:26:33 PM

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

vii) The Company has also complied with the DPE guidelines.

viii) 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 applicable Act, Rules, Regulations, Guidelines, Standards etc, mentioned above except the following:

i) *Regulation 17(1)(a) of SEBI(LODR) Regulations, 2015 read with second proviso of sub section (1) of Section 149 of the Companies Act, 2013 and Rule 3 of the Companies (Appointment and Qualification of Directors), Rules, 2014 in respect to appointment of women director. However, Mrs. Smitha Mol M.S. was appointed on the Board of Directors w.e.f. 04-08-2025.*

ii) *Regulation 17(b) of SEBI(LODR) Regulations, 2015 read with Section 149(4) of the Companies Act, 2013 in respect to appointment of Independent Directors which resulted in non-compliance of Regulation 17(10), Regulation 18(1)(a), (b), (d), 18(2)(b), Regulation 19(1)(a), (c), 19(2), 19(2A), 19(3A),*

iii) *Regulation 20(2A), 20(3A) and 25(3) of SEBI(LODR) Regulations, 2015 and Section 177, 178, 149(8) of the Companies Act, 2013. The Company vide letter dated 19.12.2024 has requested its administrative ministry, MoCA for the appointment of Independent Directors and subsequently followed up the same with the Ministry vide letters dated 04.07.2025 and 07.08.2025 and also updated the vacancy of Independent Directors at DPE BOD Portal.*

iv) *Regulation 22(1) of SEBI(LODR) Regulations, 2015 read with Section 177(9) of the Companies Act, 2013 with respect to formulation of Vigil Mechanism Policy and Regulation 23(1) of SEBI(LODR) Regulations, 2015 with respect to formulation of policy on materiality of related party transaction. However, the Vigilance department is under the care of the Chief Vigilance officer of the Company.*

v) *The quarterly and yearly Financial Statements and limited review report/Audit 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 and 60 days from the end of the financial year, respectively, resulting in non-compliance of Regulation 52(1) and 52(4) for which BSE has also imposed fine on the Company against which the Company has filed a waiver application.*

vi) *The Company has 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 regulation 62 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.*

vii) *The Company is yet to maintain a structured digital base as required under Regulation 5 of SEBI(PIT), regulations, 2015.*

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.

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.

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 also report that during the period under review, BSE Limited has imposed a fine on the Company for non-

1 Management Replies - Final.indd 25 19-08-2026 6:26:33 PM

compliance of Regulation 54(2) of the SEBI(LODR) Regulations, 2015 in respect to non-disclosure of nature of security created and maintained for secured listed NCDs in the financial statements. The Company has filed a waiver application for the same as the listed NCDs are wholly backed by guarantee provided by the Government of India and thus, security clause is not applicable.

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 2024-25:

The Company has made a right issue in compliance with Section 62 of the Companies Act, 2013 and allotted 5,71,40,000 equity shares of Rs.10 each to the President of India, Government of India which was sanctioned by the Ministry of Civil Aviation vide sanction order no. AV.17046/60/2023-AI dated 15-07-2024.

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.

For T.Chatterjee & Associates
Company Secretaries
FRN P2007WB067100
Peer Review: 7747/2026

Sd/-
CS Sumana Subhash Mitra
Partner,
ACS: 43291
COP: 22915
UDIN: A043291G004134752

Place: Delhi
Date: 30-03-2026

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.

1 Management Replies - Final.indd 26 19-08-2026 6:26:33 PM

'Annexure A'

To,
The Members
AI Assets Holding Limited
CIN: U74999DL2018GOI328865

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 P2007WB067100
Peer Review: 7747/2026

Sd/-
CS Sumana Subhash Mitra
Partner,
ACS: 43291, COP: 22915
UDIN: A043291G004134752

Place: Delhi
Date: 30-03-2026

1 Management Replies - Final.indd 27 19-08-2026 6:26:33 PM

The Managements' Comments on Secretarial Auditors' observations

Sr. No.	Secretarial Auditor's Observation	Draft Management's Reply
i	Regulation 17(1)(a) of SEBI(LODR) Regulations, 2015 read with second proviso of sub section (1) of Section 149 of the Companies Act, 2013 and Rule 3 of the Companies (Appointment and Qualification of Directors), Rules, 2014 in respect to appointment of women director. However, Mrs. Smitha Mol M.S. was appointed on the Board of Directors w.e.f. 04-08-2025.	Statement of fact.
ii & iii.	Regulation 17(b) of SEBI(LODR) Regulations, 2015 read with Section 149(4) of the Companies Act, 2013 in respect to appointment of Independent Directors which resulted in non-compliance of Regulation 17(10), Regulation 18(1)(a), (b), (d), 18(2)(b), Regulation 19(1)(a), (c), 19(2), 19(2A), 19(3A), Regulation 20(2A), 20(3A) and 25(3) of SEBI(LODR) Regulations, 2015 and Section 177, 178, 149(8) of the Companies Act, 2013. The Company vide letter dated 19.12.2024 has requested its administrative ministry, MoCA for the appointment of Independent Directors and subsequently followed up the same with the Ministry vide letters dated 04.07.2025 and 07.08.2025 and also updated the vacancy of Independent Directors at DPE BOD Portal.	Statement of fact. The appointment of Independent Directors on the Board is awaited.
iv.	Regulation 22(1) of SEBI(LODR) Regulations, 2015 read with Section 177(9) of the Companies Act, 2013 with respect to formulation of Vigil Mechanism Policy and Regulation 23(1) of SEBI(LODR) Regulations, 2015 with respect to formulation of policy on materiality of related party transaction. However, the Vigilance department is under the care of the Chief Vigilance officer of the Company.	Company is under process of framing Vigil Mechanism/ Whistle Blower Policy and Policy on materiality of Related Party Transaction and dealing with Related Party Transactions. Above mentioned Policies will be put up before Audit Committee and Board for approval in due course.
v.	The quarterly and yearly Financial Statements and limited review report/Audit 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 and 60 days from the end of the financial year, respectively, resulting in non-compliance of Regulation 52(1) and 52(4) for which BSE has also imposed fine on the Company against which the Company has filed a waiver application.	Statement of Fact. However, Company has cleared the backlog of delay in filing of quarterly financial results and now complying and ensuring timely filing of quarterly financial results in compliance with SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.
vi.	The Company has 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 Regulation 62 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.	Disclosure relating to compliances of Independent Directors will be updated on the appointment of Independent Directors. Policies such as details of establishment of vigil mechanism/ whistle blower policy and policy on dealing with related party transactions; etc are under preparation and the same will be updated on the website on approval in due course.
vii.	The Company is yet to maintain a structured digital base as Required under Regulation 5 of SEBI(PIT), regulations, 2015.	The Company has obtained Structured Digital Database as required under Regulation 5 of SEBI (PIT), regulations, 2015.

1 Management Replies - Final.indd 28 19-08-2026 6:26:33 PM

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENTS

AI Assets Holding Limited (AIAHL) is a Schedule 'B', Central Public Sector Undertaking under the administrative control of Ministry of Civil Aviation. The Company was incorporated on 27th January, 2018 as a Special Purpose Vehicle (SPV) having its registered office at 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi.

AIAHL has an authorized share capital of ₹70,000 crores and paid-up capital of ₹63,022.59 crores as on 31st March 2026. It is a 100% owned by Government of India. It has four subsidiaries i.e. AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited and Hotel Corporation of India.

AIAHL is responsible for monetizing all the non-operation assets handed over from Air India, responsible for management of all subsidiaries and handling post disinvestment issues of Air India.

AIAHL as a holding company is the only company in India which has a footprint in nearly all the segments of Aviation Industry. Maintenance, Repair and Overhaul (MRO), ground handling and airline 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 FY 2024-25, the Company recorded a Profit Before Tax of ₹3,437.47 million and a Profit After Tax of ₹2,572.21 million, after accounting for Provision for Tax Current year (₹85.89 million) & Tax adjustment relating to earlier year (₹111.34 million) and Deferred Tax Expense (₹668.03 million) arising from carry-forward losses of previous year compared to the previous year (FY 2023-24) Net profit of ₹4847.11 million after Deferred tax income of ₹3760.44 million.

The profit before tax increased by ₹2350.80 million (216%) from the previous year profit due to increase in total income by ₹1817.76 million and decrease in total Expenses by ₹533.04 million in FY 2024-25 in comparison to previous FY 2023-24.

- **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 loss of the AIAHL group for FY 2024-25 is ₹1,153.62 million compared to previous year's PAT of ₹904.14 million. On consolidation basis, while subsidiaries within the disposal group experienced a modest profit increase of ₹167.08 million, this was offset by total tax expenses amounting to ₹494.55 million. The loss was further increased by higher deferred tax at the holding company level, incurring as expenditure of ₹865.26 million this year compared to an income of ₹3,760.44 million in the financial year 2023-24.

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.

1 Management Replies - Final.indd 29 19-08-2026 6:26:33 PM

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.

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 optimizing the management of non-core assets transferred to the Company.

The operational performance of the subsidiaries continues to be monitored with a view to preserving and enhancing enterprise value. The subsidiaries remain important participants in their respective sectors of aircraft maintenance, ground handling, and regional air transportation and continue to focus on operational efficiency, service quality, and financial sustainability.

Further, the monetization process of Air India 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 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 Air India.

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. As on 31st March 2025, the staff strength of the Company, comprising of fixed-term contractual employees, stood at 14.

7. INTERNAL CONTROL SYSYTEM AND THEIR ADEQUACY

M/s SN. 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

S. No.	Particular	As at March 31, 2025	As at March 31, 2024	Particular	Reason
1	Current ratio	2.03	2.25	(9.68 %)	Due to decrease in current assets (cash & cash equivalents) as compared to previous year.
2	Debt equity ratio	11.29	14.76	(23.51%)	Due to improvement in net worth of the company in the current and previous year and further issuance of Equity Shares & Profit in the Current Year compared.
3	Debt service coverage ratio	0.10	0.08	19.04 %	Due to increase in Grant in aid received from GOI.

1 Management Replies - Final.indd 30 19-08-2026 6:26:33 PM

4	Return on equity	0.22	1.03	(78.58%)	Due to decrease in profit during the year & increase in average shareholder's equity.
5	Trade payable turnover ratio	557.79	432.30	(29.03%)	Due to decrease in other expenses as compared to previous year.
6	Net capital turnover ratio	0.16	0.19	(17.36%)	Due to decrease in Rental revenue and decrease in working capital as compared to previous year.
7	Net profit ratio	2.28	2.96	(22.95 %)	Due to decrease in rental revenue and profit during the year
8	Return on capital employed	0.09	0.08	16.76 %	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
IDIN:10041387

Date: 10-08-2026
Place: New Delhi

1 Management Replies - Final.indd 31 19-08-2026 6:26:33 PM

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 (AIAHL) 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). The administrative Ministry, MoCA had reconstituted the Board of AIAHL from time to time. Accordingly, the composition of the Board as on 31st March 2025 is given below:

Board of Directors as on 31st March 2025

Sr. No.	Name of the Directors	Designation
1.	Shri Amit Kumar	Chairman and Managing Director
2.	Shri Padam Lal Negi Jt. Secretary & Financial Advisor (JS&FA), Ministry of Civil Aviation	Nominee Director
3.	Shri Solomon Arokiaraj Joint Secretary, Infrastructure Policy and Planning Division, Dept. of Economic Affairs Ministry of Finance	Nominee Director
4.	Shri Manoj Kumar Additional Secretary, DIPAM, Min. of Finance	Nominee Director
5.	Shri Shobhit Gupta Joint Secretary, Ministry of Civil Aviation	Nominee Director

In pursuance of the OM issued by the MoCA vide file no AV/17046/56/2019-AI 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.

Further, MoCA issued OM vide file no AV/17046/56/2019-AI dated 25th February 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 JS, DEA has been nominated vice Shri Solomon Arokiaraj and Smt. Smita Mol M.S. DS, MOCA has been nominated as Nominee Woman Director on the Board of the Company w.e.f 4th August, 2025.

Further, in terms of the order issued by MoCA vide File no. AV-17046/56/2019-AI-MoCA dated 16th February, 2026, Dr. Alok Tiwari JS, DEA has been nominated vice Shri Baldeo Purushartha on the Board of the Company w.e.f. 16th February, 2026.

Further, in terms of the Order issued by MoCA vide file no AV-17046/56/2019-AI -MoCA dated 16th May, 2026, Ms. Priyanka Das, Joint Secretary MoCA has been nominated vice Shri Shobhit Gupta and Smt. Laya Madduri, Joint Secretary, Infrastructure Finance Secretariat, Department of Economic Affairs (DEA) has been appointed in place of Dr. Alok Tiwari.

Further, Shri Manoj Kumar, AS, DIPAM, was relieved from his duties w.e.f. 30.06.2026, from DIPAM, Consequently, Ceased to be a Nominee Director on the Board of AIAHL. w.e.f 30-06-2026

Further, MOCA vide file no. AV-18013/1/2015-AI dated 10.07.2026 reconstituted the Board of AIAHL and withdrew the nomination of Smt. Smitha Mol, M.S from the Board of AIAHL.

1 Management Replies - Final.indd 32 19-08-2026 6:26:33 PM

The Board placed on record its appreciation of the valuable services rendered by Shri Asangba Chuba Ao, Shri Rahul Jain, Dr. Alok Pande, Shri Solomon Arokiaraj, Shri Baldeo Purushartha, Dr, Alok Tiwari, Shri Shobhit Gupta, Shri Manoj Kumar and Smt. Smitha Mol, MS. 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 FY 2024-25

Six 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
50th	15th May 2024	4	2
51st	08th August 2024	5	4
52nd	28th August 2024	5	5
53rd	18th October 2024	5	3
54th	17th January 2025	5	3
55th	10th March 2025	5	4

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 2024-25:

Directors	Academic Qualification	No. of Board Meetings during 2024-25		Attended last AGM		Details of other Companies	
		Held (during their respective tenures)	Attended	20-12-2024	21-11-2025	Directorships in companies	Memberships held in Committees
Shri Asangba Chuba Ao (w.e.f. 01.01.2024 to 11.03.2025 (Assigned Additional Charge of Chairman and Managing Director w.e.f 01.01.2024)	IAS, MA (Eng Litt.) & MA (Public Administration)	6	6	Yes	Yes	**Chairman & Managing Director: 1** AI Assets Holding Limited w.e.f. 01-01-2024 **Chairman 4** (AI Engineering Services Limited w.e.f. 01-01-2024 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)	**Chairman: 4** HR Committee:1 Flight Safety Committee :1 (Alliance Air Aviation Limited) CSR Committee: 2 (AI Engineering Services Limited, AI Airport Services Limited) **Member-6** Audit Committee: 3 (AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited)

1 Management Replies - Final.indd 33 19-08-2026 6:26:33 PM

						Director: 5 (AI Assets Holding Limited, Pawan Hans Limited, Rohini Heliport Limited, Alliance Air Aviation Limited, AI Engineering Services Limited, AI Airport Services Limited,	Nomination & Remuneration Committee: 2 (AI Assets Holding Limited, Pawan Hans Limited) Stakeholder Relationship Committee: 1 (AI Assets Holding Limited)
Shri Amit Kumar (w.e.f. 13-03-2025	BE (Electrical), IIT Roorkee	NIL	NIL	NA	YES	**Chairman & Managing Director:** 1 AI Assets Holding Limited w.e.f. 13-03-2025 **Chairman 4** w.e.f. 13-03-2025 AI Engineering Services Limited, AI Airport Services Limited, Hotel Corporation of India Limited, Alliance Air Aviation Limited	**Chairman:** 4 CSR Committee: 2 (AI Engineering Services Limited, AI Airport Services Limited) Flight Safety Committee:1 (Alliance Air Aviation Limited) HR Committee:1 (Alliance Air Aviation Limited) **Member:** 7 Audit Committee: 5 AI Assets Holding Limited, AI Engineering Services Limited, AI Airport Services Limited, Hotel Corporation of India Limited, Alliance Air Aviation Limited Nomination & Remuneration Committee: 1 (AI Assets Holding Limited)

1 Management Replies - Final.indd 34 19-08-2026 6:26:33 PM

							Stakeholders Relationship Committee: 1 (AI Assets Holding Limited)
Shri Padam Lal Negi (w.e.f: 03.02.2023)	(MA Pol. Science & MA Sociology) IDAS 1992	6	6	Yes	Yes	**Director-7** (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** Audit Committee: 3 (AI Engineering Services Limited , AI Assets Holding Limited & AI Airport Services Limited) **Member-2** CSR Committee-2 (AI Engineering Services Limited & AI Airport Services Limited)
Shri Solomon Arokiaraj (w.e.f. 27.12.2023 to 04.08.2025	Post Graduate, Business Management, IAS	6	3	No	No	**Director-2** (AI Assets Holding Limited, Housing and Urban Development Corporation (HUDCO)	**Member-1** A. Audit Committee:1 (AI Assets Holding Limited)
Shri Rahul Jain (w.e.f. 12.12.2023 to 14.05.2024)	CA, IAS	Nil	Nil	NA	NA	**Director-6** (AI Assets Holding Limited,AI Engineering Services Limited, AI Airport Services Limited, National Financial Holdings Company Limited,	**Member-7** Audit Committee: 2 (AI Engineering Services Limited & AI Airport Services Limited) CSR Committee-2 (AI Engineering Services Limited & AI Airport Services Limited)

1 Management Replies - Final.indd 35 19-08-2026 6:26:33 PM

						ITC Limited, National Land Monetization Corporation Limited)	Nomination and Remuneration Committee:1 (AI Assets Holding Limited) Stakeholder Relationship Committee: 1 (AI Assets Holding Limited) Body of Persons acting as Administrator/ Board of Advisors:1 (National financial Holdings Company Limited)
Dr. Alok Pande (w.e.f. 16.05.2024 to 25.02.2025)	Ph.D in Capital Markets (IIM-Bangalore), B.E. (Mechanical) , NIT-Allahabad	4	2	No	NA	**Director: 4** AI Assets Holding Limited, AI Engineering Services Limited & AI Airport Services Limited, Indian Bank)	**Member: 2** Audit Committee: 1 AI Engineering Services Limited CSR Committee:1 AI Engineering Services Limited
Shri Shobhit Gupta (w.e.f. 25.05.2024 to 13.05.2026	M. Tech (Power Electronics), IIT Kanpur	5	3	YES	YES	**Director: 3** AI Assets Holding Limited, AI Engineering Services Limited & AI Airport Services Limited	**Member:** 7 Audit Committee: 3 AI Assets Holding Limited, AI Engineering Services Limited & AI Airport Services Limited CSR Committee: 2 AI Engineering Services Limited & AI Airport Services Limited

1 Management Replies - Final.indd 36 19-08-2026 6:26:33 PM

							Nomination & Remuneration Committee: 1 AI Assets Holding Limited Stakeholders Relationship Committee: 1 AI Assets Holding Limited
Shri Manoj Kumar (w.e.f. 28.02.2025 to 30.06.2026)	BA (Hons), MA, LLB	1	1	N.A.	Yes	**Director: 3** AI Assets Holding Limited, AI Engineering Services Limited & AI Airport sServices Limited	**Member: 6** Audit Committee:2 AI Engineering Services Limited & AI Airport Services Limited CSR Committee: 2 AI Engineering Services Limited & AI Airport Services Limited Nomination & Remuneration Committee: 1 AI Assets Holding Limited Stakeholders Relationship Committee: 1 AI Assets Holding 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.

1 Management Replies - Final.indd 37 19-08-2026 6:26:33 PM

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 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.

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 March 2025, 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 Amit Kumar CMD, AIAHL	Member
Shri Shobhit Gupta JS, MoCA	Member
Shri Solomon Arokiaraj JS IPP, DEA, Ministry of Finance	Member

The term 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 effectiveness 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.

Meeting of the Audit Committee

The Audit Committee had met five 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 members present
1	25th	15th May 2024	2
2	26th	8th August 2024	2
3	27th	18th October 2024	2
4	28th	17th January 2025	2
5	29th	10th March 2025	2

1 Management Replies - Final.indd 38 19-08-2026 6:26:33 PM

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 31-03-2025, 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 JS & FA MoCA	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Shri Manoj Kumar AS, DIPAM	Member
Shri Shobhit Gupta JS, MoCA	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 10th October, 2023.

a) Composition of committee:

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

Particulars of Director	Position held in the Committee
Shri Padam Lal Negi JS & FA MoCA	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Shri Manoj Kumar AS, DIPAM	Member
Shri Shobhit Gupta JS, MoCA	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.

1 Management Replies - Final.indd 39 19-08-2026 6:26:33 PM

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In compliance with the requirements of section 135 of the Companies Act, 2013, the Board in its 58th meeting held on 21st November 2025 constituted the CSR Committee.

a) Composition of committee:

Particulars of Director	Position held in the Committee
Shri Manoj Kumar AS, DIPAM	Chairman
Shri Amit Kumar CMD, AIAHL	Member
Smt. Smitha Mol M.S DS, MoCA	Member

b) Term of Reference:

The term of reference of Nomination and Remuneration Committee are:

a. formulate and recommend to the Board a CSR Policy, which shall indicate the activities to be undertaken by the Company as specified in Schedule VII;

b. recommend the amount of expenditure to be incurred on CSR activities;

c. monitor the implementation of the CSR Policy from time to time; and

d. formulate and recommend to the Board an annual action plan in pursuance of the CSR Policy.

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
4th AGM	30th December, 2022	Regd. Office: 2nd Floor, Air India Reservation Building, Safdarjung Airport, New Delhi-110003	No
4th Adjourned 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
6th AGM	20th December, 2024	Regd. Office: 2nd Floor, AI Administration Building, Safdarjung Airport, New Delhi-110003	No

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

1 Management Replies - Final.indd 40 19-08-2026 6:26:33 PM

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 four quarters of py 2022-23, 2023-24 and py 2024-25 for delay in filing of Financial Statements of respective quarters for which Company has already submitted request for waiver of penalties with BSE.

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 2024-25:	NIL
Number of Complaints disposed of during the year 2024-25:	N.A.
Number of Complaints pending as on 31st March, 2025:	NIL

12. CREDIT RATING

Rating agencies ICRA and Ind-Ra assigned long term rating AAA (CE) (Stable) to the series 2 and series of NCDs of AIAHL.

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. CODE OF CONDUCT

A declaration of compliance signed by the Chairman and Managing Director of the Company is annexed with this report.

15. 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: 10-08-2026	**Chairman and Managing Director**	**Director**
Place: New Delhi	**DIN: 11001643**	**DIN: 10041387**

1 Management Replies - Final.indd 41 19-08-2026 6:26:33 PM

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.

Date: 24th October, 2025
Place: New Delhi

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Amit Kumar
Chairman & Managing Director
DIN: 11001643

1 Management Replies - Final.indd 42 19-08-2026 6:26:33 PM

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.

Date: 9th June, 2026
Place: New Delhi

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Amit Kumar
Chairman & Managing Director
DIN: 11001643

1 Management Replies - Final.indd 43 19-08-2026 6:26:33 PM

CODE OF CONDUCT

DECLARATION

I, Amit Kumar, Chairman and Managing Directore of AI Assets Holding Limited, do hereby certify that all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct during the financial year ended 31st March 2025.

Sd/-
Amit Kumar
Chairman and Managing Director

Date: 30-04-2026
Place: New Delhi

1 Management Replies - Final.indd 44 19-08-2026 6:26:33 PM

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 2025 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 the 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) of SEBI(LODR)Regulations,2015 and DPE guidelines with respect to appointment of independent directors which resulted in non-compliance of Regulation 17(10), Regulation 18(1)(a), (b), (d), 18(2)(b), Regulation 19(1)(a), (c), 19(2), 19(2A), 19(3A), Regulation 20(2A), 20(3A) and 25(3) of SEBI(LODR) Regulations, 2015. However, The Company vide letter dated 19.12.2024 has requested its administrative ministry, MoCA for the appointment of Independent Directors and subsequently followed up the same with the Ministry vide letters dated 04.07.2025 and 07.08.2025 and also updated the vacancy of Independent Directors at DPE BOD Portal.

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 Company do not have any policy on Vigil Mechanism as per Regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However, the Vigilance department is under the care of the Chief Vigilance officer of the Company.

We state that regarding appointment of women director as required under Regulation 17(1)(a) of SEBI(LODR)

1 Management Replies - Final.indd 45 19-08-2026 6:26:33 PM

Regulations, 2015, there was no women director on the board of Directors of the Company till 03-08-2025. However, Mrs. Smitha Mol M.S. was appointed on the Board of Directors w.e.f. 04-08-2025.

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.

For T. Chatterjee & Associates
Company Secretaries
FRN No. - P2007WB067100
Peer Review: 7747/2026

Place: New Delhi
Date: 30-03-2026

Sd/-
CS Sumana Subhash Mitra
Partner
ACS:43291
COP: 22915
UDIN: A043291G004134862

1 Management Replies - Final.indd 46 19-08-2026 6:26:33 PM

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 ASSETS HOLDING LIMITED FOR THE YEAR ENDED 31 MARCH 2025

The preparation of standalone financial statements of AI ASSETS HOLDING LIMITED for the year ended 31 March 2025 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 section143 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 24 October 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 2025 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/-
(Siddhartha Singh Longjam)
Addnl. Deputy Comptroller and Auditor General
(Infrastructure)
New Delhi

Place: New Delhi
Dated: 30 July 2026

1 Management Replies - Final.indd 47 19-08-2026 6:26:33 PM

Independent Auditor's Report

To the Members of **AI 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 ("the Company"),** which comprise the Balance Sheet as at 31st March, 2025, the Statement of Profit & Loss, Other 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, 2025, 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. 3.3** and 23.i.e of the standalone Ind AS financial statements regarding the withheld amount of ₹318.35 million consisting of liquidated damages of ₹282.96 million and TDS on GST from Air India Ltd. (AIL) of ₹35.39 million against the recoverable amount of ₹2,657.43 from Defence Research & Development Organisation (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 AI Engineering Services Limited (AIESL) for deletion/ waiver as aircraft was delivered within the extended date of delivery.

(ii) **Note no. 3.4** of the standalone Ind AS financial statements ₹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 ₹2,564.77 million, which is adjusted against the amount withheld by AIL, with unadjusted amount of ₹435.23 million in absence of confirmation from AIL.

(iii) **Note no. 3.5** of the standalone Ind AS financial statement regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of ₹2820.51 million as on 31.03.2025 (Previous Year ₹2689.08 million), AIL has indicated ₹94.19 million as amount payable to AIAHL by AIL (Previous Year ₹1,422.61 million, claimed as receivable by AIL).

(iv) **Note no. 9.** of the standalone Ind AS financial statement regarding assets received from the then AIL classified as "Assets included in disposal group held for sale". The movable assets have been book transferred from the then AIL to AIAHL without any physical hand-over takeover. The company has further initiated the process to reconcile and correlate the assets reported as not found during the asset correlation exercise and the same is yet to be completed.

(v) **Note no. 9.5** of the standalone Ind AS financial statement regarding charging of interest only @ 1% p.a. on the advance of ₹562.50 million given by the company to one of its subsidiary Alliance Air Aviation limited

1 Management Replies - Final.indd 48 19-08-2026 6:26:33 PM

and charging interest of ₹5,088.68 million at the rate of 9% p.a. on outstanding recoverable amount of ₹45,636.42 million from other subsidiaries. However, the subsidiaries are not able to repay the principal or interest of the outstanding recoverable since long.

(vi) **Note no. 17.3** of the standalone Ind AS financial statements regarding ₹376.62 million towards liability transferred by the then AIL to the company on the basis of debit notes/credit notes only for which no supporting/ confirmation are available on record.

(vii) **Note 24** of the standalone Ind AS financial statements regarding 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.

(viii) **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.

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.

Sl. No.	Key Audit Matters	How Our Audit addressed the key audit matters
1	**Transactions relating to disinvestment of Air India Limited** ***(refer note no. 3A 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.1,51,885.22 million were transferred by the then AIL till 31st March 2025. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.680064.36 million as separate line item under "Equity & Liabilities" as on 31st March 2025. 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 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.

1 Management Replies - Final.indd 49 19-08-2026 6:26:33 PM

2	**Utilization of Grants** ***(refer Note 4.2 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 -	
	a. Grant in aid received from Govt. of India of Rs.8,181.80 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. 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. 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.8,181.80 million as Budgetary support / grant from the Government during the year which is fully utilized hence, accounted as "other income". We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.
	b. Grant in aid received from Government of India of Rs.1,030 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. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 1,030 million to be utilized for the purpose of medical expenses of such retired and retiring employees. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.
	c. Grant in aid received from Government of India of Rs.1,590 million for tax indemnification matters of AIL and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.
3	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.

1 Management Replies - Final.indd 50 19-08-2026 6:26:34 PM

5. 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.

6. Management responsibility for the standalone Ind AS financial statements

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

7. 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. 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

1 Management Replies - Final.indd 51 19-08-2026 6:26:34 PM

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

8. <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, 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.

1 Management Replies - Final.indd 52 19-08-2026 6:26:34 PM

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.

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 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.

v) No dividend have been declared or paid during the year by the company.

vi) 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**".

vii) 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, 2025 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.

3. As per the requirements of Section 149(1) and Section 149(6) of the Companies Act, 2013, the Company is required to appoint a woman director and an independent director respectively. However, we report that as of the balance sheet date, the Company has not complied with these statutory requirements. This constitutes non-compliance with the provisions of the Companies Act, 2013, and may result in penalties as per the Act.

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

Sd/-
(Rohtash Mohan)
Partner
M. No. 094292
UDIN: 25094292BMKTIF1707

Place: New Delhi
Date: 24-10-2025

1 Management Replies - Final.indd 53 19-08-2026 6:26:34 PM

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 2025:

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. However, for "Assets included 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**	68,617.39	Air India Limited	**No.**	**31st March, 2022**	Refer Note No. – 9, 9.1 and 9.2 of 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.*

1 Management Replies - Final.indd 54 19-08-2026 6:26:34 PM

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 (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, 2025 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, 2025 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.

(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 above cases (including interest accrued)				
- Subsidiaries	6138.98	-	-	60,087.11
- Joint	-	-	-	-
Ventures	-	-	-	-
- Associates	-	-	-	-
- Others	-	-		

(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.)

1 Management Replies - Final.indd 55 19-08-2026 6:26:34 PM

(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), 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. 60,087.11 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.60,087.11.

(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.

(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, 2025 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 the Company, we report that no

1 Management Replies - Final.indd 56 19-08-2026 6:26:34 PM

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.

(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 57.14 million equity shares during the financial year 2024-25 to the Government of India.

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

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

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

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

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

1 Management Replies - Final.indd 57 19-08-2026 6:26:34 PM

(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) The provisions of section 135 is applicable to the company however, 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 the year.

(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: 25094292BMKTIF1707

Place: New Delhi
Date: 24-10-2025

1 Management Replies - Final.indd 58 19-08-2026 6:26:34 PM

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 ("the Company") as of 31st March, 2025 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.

1 Management Replies - Final.indd 59 19-08-2026 6:26:34 PM

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, 2025, 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:

- 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: 25094292BMKTIF1707

Place: New Delhi
Date: 24-10-2025

1 Management Replies - Final.indd 60 19-08-2026 6:26:34 PM

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 for the year 2024-25 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? (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.1,030 million towards medical expenses for eligible retired employees of AIL; Rs. 8,181.80 million towards interest on NCD's and Rs. 1,590 million for tax indemnification matters of AIL.

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

Sd/-
(Rohtash Mohan)
Partner
M. No. 094292
UDIN: 25094292BMKTIF1707

Place: New Delhi
Date: 24-10-2025

1 Management Replies - Final.indd 61 19-08-2026 6:26:34 PM

COMPLIANCE CERTIFICATE

We have conducted the audit of accounts of **AI Assets Holding Limited (AIAHL)** for the year ending 31st March, 2025 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: 25094292BMKTIF1707

Place: New Delhi
Date: 24-10-2025

1 Management Replies - Final.indd 62 19-08-2026 6:26:34 PM

MANAGEMENT RESPONSE TO AUDIT OBSERVATION ON EMPHASIS OF MATTERS AND KEY AUDIT OBSERVATION

Sl. No.	Emphasis of Matter	Management Reply
i	Note no. 3.3 and 23.i.e of the standalone Ind AS financial statements regarding the withheld amount of Rs. 318.35 million, consisting of liquidated damages of Rs.282.96 million and TDS on GST from Air India Ltd. (AIL) of Rs.35.39 million against the recoverable amount of Rs. 2,657.43 from Defence Research & Development Organisation (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 AI Assets Holding Limited (AIAHL) for deletion/waiver as aircraft was delivered within the extended date of delivery.	a. As detailed at Note 23.1.e., the company took up the matter of release of the withheld amount payable to AIAHL for the liquidated damages deductions as the aircraft was delivered within the extended date of delivery i.e 15th June 2023 and therefore liquidated damages should not be levied by DRDO. DRDO in their last communication informed vide their email dated 17th Sept 25 informed that the case is being processed for refund with CDA (R&D), Bengaluru for Rs.28,29,60,142. Accordingly, bank account details have been sent to DRDO vide AIAHL email dated 18th Sep 2025. b. As for the TDS on GST of Rs.35.39 million deducted by the DRDO on the invoice issued by Air India to DRDO, Air India, in their Statement of Account dated 7th August 2025 has reflected a credit to AIAHL for the same. In view of the foregoing developments, no liabilityprovision for the receivables is required.
ii	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.	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. In the meetings held on 17th April 2025 and 11th June 2025 between AIL, AIAHL, and AIESL, it was decided to review the matter mutually by AIL and AIESL. If any further adjustment is required, accounting impact by adjusting the “Other Equity” shall be given in the year the transaction is settled.
iii	Note no. 3.5 of the standalone Ind AS financial statement regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2820.51 million as on 31.03.2025 (Previous Year Rs. 2689.08 million), AIL has indicated Rs. 94.19 million as amount payable to AIAHL by AIL (Previous Year Rs. 1,422.61 million).	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 as on 31.3.25 to be adjusted from the Other Equity for want of credit/justification in support/ documents/ details required from AIL:- i. IATA funds receivable (Garnishment)- Rs. 1370.25 million* ii. PSS (AMADEUS)- Rs. 309.61 million iii. Recovery towards 6 Aircraft Maint. - Rs. 435.23 million iv. Revenue share of AIASL - Rs. 1115.99 million *The IATA Garnishment funds received from Air India in July 2025 as disclosed at Note 3.6 and Recoverable from Air India adjusted accordingly..

1 Management Replies - Final.indd 63 19-08-2026 6:26:34 PM

		In addition to above, 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) on AI issued GOI guaranteed NCDs is also required to be settled with AI. Besides, there is Rent Recoverable from AI for the areas occupied and used by AI post the disinvestment period. Against the above recoverables, mainly there is payable claim (net) of AI for medical expenditure incurred by AIL for AI retirees for Rs. 1,195.90 million, settlement of which shall be upon verification/checking of the claims with supporting documents provided by AI upon release of GOI grant funds for the said purpose sought from GOI in budgetary allocations. As disclosed at Note 3.5, for the above Recoverables from AIL, various meetings have been held on 17th April, 2025, 11th June 2025 and 12th Sept 25 between Air India and AIAHL officials and detailed point-wise discussion held for reconciliation. Air India is thus being pursued for discussing and settling each of the transactions, the effect of the outcome and reconciliation shall be effected during the FY 2025-26.
iv	Note no. 9. of the standalone Ind AS financial statement regarding assets received from the then AIL classified as “Assets included in disposal group held for sale”. The movable assets have been book transferred from the then AIL to AIAHL without any physical handover, takeover. The company has further initiated the process to reconcile and correlate the assets reported as not found during the asset correlation exercise, and the same is yet to be completed.	As disclosed in the footnote of Note 9, the movable assets were book transferred from the then AIL to AIAHL without any physical handover or takeover. The company appointed an external agency for the identification and tagging of the movable assets. The agency submitted their asset tagging list in the FY 2022-23. The company has further initiated the process to reconcile and correlate the assets reported as not found. Further, upon correlation, X-ray baggage machine, walkie-talkie, assets at foreign location etc. identified and it was decided in the meeting held on 17th April, 2025 between AIL and AIAHL, that AIL to take back these ₹331.3 million worth of assets. Post this AI-AIAHL teams have held meetings to resolve the issues after which a necessary decision for issue of credit to AIAHL by AIL will be taken. For balance of un-identified/unreconciled assets appropriate accounting impact will be taken on approval. The final report is awaited. The Company has also initiated the process for the 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 the disposal group held for sale.

1 Management Replies - Final.indd 64 19-08-2026 6:26:34 PM

v	Note no. 9.5 of the standalone Ind AS financial statement regarding charging of interest only @ 1% p.a. on the advance of Rs 562.50 million given by the company to one of its subsidiary M/s Alliance Air Aviation limited and charging interest of Rs.5,088.68 million at the rate of 9% p.a. on outstanding recoverable amount of Rs.45,636.42 million from other subsidiaries. However, the subsidiaries are not able to repay the principal or interest of the outstanding recoverable since long.	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 continue their aircraft leases post AIL disinvestment. Upon the strategic disinvestment of the then AIL, it was decided, amongst others, that outstanding recoverable balances from the subsidiaries would also be transferred to the SPV Company-AIAHL. On the outstanding recoverable balances, the then AIL used to charge interest at the rate of appox.9% per annum on the average of outstanding balances. Department of Economic Affairs (DEA), Ministry of Finance (MoF) vide letter dated 22nd July, 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 the company has been accounting the interest income on recoverables from subsidiaries.
vi	Note no. 17.3 of the standalone Ind AS financial statements regarding Rs. 376.62 million towards liability transferred by the then AIL to the company on the basis of debit notes/credit notes only for which no supporting/ confirmation are 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 which included advances payable to CIDCO towards beautification of the immovable property at Nerul Mumbai for which details are being sought/ followed up by the company from AI/CIDCO as disclosed at Note 17.3 read with Note 17.2 of the Notes. Further, upon receipt of these details and documents, appropriate action shall be taken.
vii	Note 24 of standalone Ind AS financial statements regarding 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.	The key component of the total input GST balance is for the GST input debited by AI upon movable assets transfer upon AI disinvestment in FY 2022-23 against which 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 assistance/advise on the availment of the said ITC awaited for recording the reconciliation impact of these transactions.

1 Management Replies - Final.indd 65 19-08-2026 6:26:34 PM

viii	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.	The Company is an SPV incorporated by GoI for the specific purpose of handling transactions arising out of the disinvestment of Air India, and as such, the company is not a commercial/business entity, financially dependent upon the Govt. of India grant funds even for recurring expenses of the company. In view of the foregoing facts, the Company had sent a request to the Ministry of Corporate Affairs, Govt of India, through the 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 the constitution of a Board CSR Committee. The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested the Ministry of Corporate Affairs to re-examine their decision for the exemption from CSR. The final decision is awaited of Ministry of Corporate Affairs GOI. 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.

1 Management Replies - Final.indd 66 19-08-2026 6:26:34 PM

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. 3A 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.1,51,885.22 million were transferred by the then AIL till 31st March 2025. The company has accounted for the funds transferred to the then AIL over and above the assets/liabilities amounting to Rs.680064.36 million as separate line item under "Equity & Liabilities" as on 31st March 2025. 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 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.	Utilization of Grants (refer Note 4.2 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 -		
	a. Grant in aid received from Govt. of India of Rs.8,181.80 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.

1 Management Replies - Final.indd 67 19-08-2026 6:26:34 PM

		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. 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.8,181.80 million as Budgetary support / grant from the Government during the year which is fully utilized hence, accounted as “other income”. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.	
	b. Grant in aid received from Government of India of Rs.1,030 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. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 1,030 million to be utilized for the purpose of medical expenses of such retired and retiring employees. 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.
	c. Grant in aid received from Government of India of Rs.1,590 million for tax indemnification matters of AIL and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.	This is a statement of fact.

1 Management Replies - Final.indd 68 19-08-2026 6:26:34 PM

3	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.	The non-availability with the company of the AI-GOI SPA is a statement of fact except to the extract/clause of such agreement shared by GOI for transaction specific purpose i.e. Tax Indemnification matter. Such extracts of the SPA are shared with the auditors.

1 Management Replies - Final.indd 69 19-08-2026 6:26:34 PM

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 2025

Sl. 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. However, for "Assets included 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.	The then AIL upon disinvestment in Jan 2002 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. The required Fixed Assets Register (FAR) descriptive details, based on the 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 the Fixed Assets register is being maintained in an electronic form received from the then AIL along with 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 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.	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. Regarding movable assets, as disclosed at Note 9, the Company had hired in FY 2022-23 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.

1 Management Replies - Final.indd 70 19-08-2026 6:26:34 PM

<table>
<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>Des crip tion of pro perty</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: indica tea range, where appro priate</th><th>Reason for not being held in the name of company</th><th>Remark</th></tr>
<tr><td>1</td><td>Free hold</td><td>3,323.62</td><td>Air India Limit ed /AIA HL</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><td></td></tr>
<tr><td>2</td><td>Other than Free-hold</td><td>68,617.39</td><td>Air India Limit ed</td><td>No.</td><td>31st March 2022</td><td colspan="2">Refer Note No. – 9, 9.1 and 9.2 of standalone Ind AS financial statements</td></tr>
<tr><td>3</td><td>Other Struc tures</td><td>3,324.23</td><td>Air India Limit ed</td><td>No.</td><td>31st March 2022</td><td colspan="2">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.
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.
Title deeds of the remaining assets are under process of transfer to the company from AIL.</td>
</tr>
<tr>
<td></td>
<td>(d) The company had not revalued any of its Property, Plant and Equipment (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, 2025 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, 2025 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.</td>
<td>Statement of fact</td>
</tr>
</table>

1 Management Replies - Final.indd 71 19-08-2026 6:26:34 PM

<table>
<tr><td></td><td>(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</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)
<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
-Subsidiaries
- Joint Ventures
- Associates
- Others</td><td>
-
-

-
-</td><td></td><td></td><td></td></tr>
<tr><td>Balance outstanding as at balance sheet date in respect of above cases (including interest accrued)
-
Subsidiaries
- Joint Ventures
- Associates
- Others</td><td>
-
-

6138.98
-
-
-
-</td><td>

-
-
-
-
-</td><td>

-
-
-
-
-</td><td>

60,087.11
-
-
-
-</td></tr>
</table></td><td></td></tr>
<tr><td></td><td>(B) The company has not given any loans or advances in the nature of loans to other than to subsidiaries, therefore reporting under clauses (iii) (a) (B) of paragraph 3 of the said order is not applicable to the Company.</td><td>Statement of fact</td></tr>
<tr><td></td><td>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.)</td><td>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.
Also refer our reply to the Para 3.(v) –"Emphasis of Matter" of the Independent Auditors Report.</td></tr>
</table>

1 Management Replies - Final.indd 72 19-08-2026 6:26:34 PM

	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), hence the repayments or receipts are not regular.	Reference is invited to our reply to para 3 (v) -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 are as under (refer note no. 9 of the standalone Ind AS financial statements.) Advances to subsidiaries (inclusive of interest) amounting to Rs. 60,087.11 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.60,087.11.	Statement of fact.
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. Accordingly, the provisions of paragraph 3(v) of the Order are not applicable to the Company.	Statement of fact.

1 Management Replies - Final.indd 73 19-08-2026 6:26:34 PM

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 the above were in arrears as at 31st of March, 2025, 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.	Statement of fact. Statement of fact.
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. (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 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.	Statement of fact.

1 Management Replies - Final.indd 74 19-08-2026 6:26:35 PM

	(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 57.14 million equity shares during the financial year 2024-25 to the Government of India.	Statement of fact. 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. (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.	Statement of fact. Statement of fact. 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.

1 Management Replies - Final.indd 75 19-08-2026 6:26:35 PM

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.	Statement of fact.
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. (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 and cash losses of Rs. Nil 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.	Statement of fact.

1 Management Replies - Final.indd 76 19-08-2026 6:26:35 PM

	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	The provisions of section 135 is applicable to the company however, 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 the year.	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. 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. 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.	

1 Management Replies - Final.indd 77 19-08-2026 6:26:35 PM

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 2025

Sl. No.	Audit Observations	Management Reply
(1)	**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.	Statement of Fact
(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.	Statement of fact.

1 Management Replies - Final.indd 78 19-08-2026 6:26:35 PM

(3)	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.	Statement of Fact
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.	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 and such internal financial controls over financial reporting with reference to standalone Ind AS financial statements were operating effectively as at 31st March, 2025, 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: - The company does not have documented policies and procedures in place for certain processes and documentation.	Statement of fact. Company is manned with limited manpower all located at single location and follows consistent policy and processes for the present small set-up.

1 Management Replies - Final.indd 79 19-08-2026 6:26:35 PM

	- The company does not have a formalized Delegation of Authority Matrix for certain transactions.	However, the company is in the process of documenting policies and procedures for key processes/transactions, also a Delegation of Powers documentation.
	- Testing of Internal Financial Controls over Financial Reporting has not been carried out by any independent external expert after the financial year 2021-22.	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 of including the work scope for testing the Internal Financial Controls.

1 Management Replies - Final.indd 80 19-08-2026 6:26:35 PM

Standalone Balance Sheet as at March 31, 2025

(₹ in million)

Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
I ASSETS :			
1 Non-current Assets			
(i) Property, Plant and Equipment	**2**	0.11	0.14
(ii) Financial assets:			
a) Cash and Cash equivalents	**7**	-	-
b) Bank balances other than (a) above	**8**	2,386.70	2,284.20
c) Other Financial Assets	**4**	114.00	114.00
(iii) Deferred tax asset (net)	**5.1**	3,092.41	3,760.44
Total Non-Current Assets		**5,593.22**	**6,158.78**
2 Current Assets			
(i) Financial assets:			
a) Cash and Cash equivalents	**7**	7,493.84	9,295.60
b) Bank balances other than (a) above	**8**	173.00	2.20
c) Other Financial Assets	**4**	2,679.50	2,669.57
d) Others- Recoverable from Air India Limited (AIL)	**3B**	2,820.51	2,689.08
(ii) Current Tax Assets (Net)	**5**	760.95	613.69
(iii) Other Current Assets	**6**	68.09	81.75
Total Current Assets		**13,995.89**	**15,351.89**
3 Assets included in Disposal group held-for-sale	**9**	151,358.41	146,304.75
Total Assets		**170,947.52**	**167,815.42**
II EQUITY AND LIABILITIES :			
1 Equity			
a) Equity Share Capital	**10**	630,225.90	629,654.50
b) Other Equity	**11**	63,109.65	60,537.44
		693,335.55	690,191.94
c) Fund transferred to the then AIL over and above assets/ liabilities received	**3A**	(680,064.36)	(680,041.33)
Total Equity		**13,271.19**	**10,150.61**
2 Liabilities :			
(i) Non-current Liabilities			
a) Financial Liabilities			
i) Borrowings	**12**	149,850.00	149,850.00
ii) Other Financial Liabilities	**13**	-	-
b) Provisions	**15**	-	-
Total Non-Current Liabilities		**149,850.00**	**149,850.00**
(ii) Current Liabilities			
a) Financial Liabilities			
i) Borrowings	**12**	-	-
ii) Trade Payables	**14**		
(a) Total outstanding, dues of micro and small enterprises		0.30	0.87

1 Management Replies - Final.indd 81 19-08-2026 6:26:35 PM

(b) Total outstanding, dues of creditors other than micro and small enterprises		2.57	4.91
iii) Other Financial Liabilities	**13**	5,341.54	5,113.14
b) Provisions	**15**	1,541.59	1,704.98
c) Other Current Liabilities	**16**	6.68	5.02
Total Current Liabilities		**6,892.68**	**6,828.92**
3 Liabilities against assets included in disposal group held for sale	**17**	933.65	985.89
Total Equity & Liabilities		**170,947.52**	**167,815.42**

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/-
Amit Kumar
Chairman and Managing Director
DIN 11001643

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary
29486

Place: Delhi
Date: 24 Oct , 2025

1 Management Replies - Final.indd 82 19-08-2026 6:26:35 PM

Standalone Statement of Profit and Loss for the year ended March 31, 2025

(₹ in million, except EPS)

	Particulars	Note No.	Year ended March 31, 2025	Year ended March 31, 2024
I	Revenue from Operations		-	-
II	Other Income :			
	Rent from properties held for sale	**18**	1,127.33	1,636.76
	Other Miscellaneous Income	**18.1**	15,007.51	12,680.32
III	**Total Income (I + II)**		**16,134.84**	**14,317.08**
IV	**Expenses:**			
	Employee Benefit Expenses	**19**	38.70	17.30
	Finance Cost	**20**	11,058.11	11,090.52
	Depreciation & Amortization	**2**	0.03	0.02
	Other Expenses	**21**	1,600.53	2,122.57
V	**Total Expenses**		**12,697.37**	**13,230.41**
VI	**Profit / (Loss) before exceptional items and Tax (III-V)**		**3,437.47**	**1,086.67**
VII	Exceptional Items		-	-
4998	**Profit / (Loss) Before Tax (VI-VII)**		**3,437.47**	**1,086.67**
IX	**Tax Expense**			
	1. Current Tax		85.89	-
	2. Deferred Tax	**5**	668.03	(3,760.44)
	3. Tax Adjustment relating to earlier year		111.34	-
X	**Profit / (Loss) For the Year (VIII-IX)**		**2,572.21**	**4,847.11**
XI	Other Comprehensive Income		**-**	**-**
	Total Other Comprehensive Income		**-**	**-**
XII	**Total Comprehensive Income for the year**		**2,572.21**	**4,847.11**
XIII	**Earning per Equity Share of Rs. 10 each**	**22**		
	Basic (Rs.)		**0.04**	**0.08**
	Diluted (Rs.)		**0.04**	**0.08**

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/-
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
29486

Place: Delhi
Date: 24-10-2025

1 Management Replies - Final.indd 83 19-08-2026 6:26:35 PM

Standalone Cash Flow Statement for the year ended 31st March, 2025

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, 2025	Year ended March 31, 2024
A Cash Flow From Operating Activities		
Net Profit / (Loss) Before tax	3,437.47	1,086.67
Adjustments for:		
Depreciation / Amortisation	0.03	0.02
Finance Cost	11,058.11	11,090.52
Interest Income on FDRs	341.25	425.33
Interest Income on outstanding recoveries of subsidiaries	5,090.09	4,784.93
Other Adjustments	111.34	
Operating profit before working capital changes	**8,952.93**	**6,966.95**
(Increase) / Decrease in Trade Receivables	-	-
(Increase) / Decrease in Other Current & Non Current Assets	(50.22)	4,173.07
Increase / (Decrease) in Trade Payables	-2.91	2.02
Increase / (Decrease) in other Current & Non current Liability	8.00	1,001.13
Cash Generated from Operations	**8907.80**	**12,143.17**
Income Tax Paid (net of refund)	-	-
Net Cash from Operating Activities	**8907.80**	**12,143.17**
B Cash Flow From Investing Activities		
Acquisition of fixed assets	-	-0.01
Interest Income on FDRs	365.15	491.57
Investment in subsidiaries	-571.40	-6,000.00
Net Cash From Investing Activities	**-206.25**	**-5,508.44**
C Cash Flow From Financing Activities		
Proceeds from issue of Share Capital	571.40	6,000.00
Interest Expense	-11,074.71	-11,073.92
Net Cash From Financing Activities	**-10,503.31**	**-5,073.92**
Net (Decrease)/Increase in Cash and Cash Equivalents	**-1801.76**	**1,560.81**
Add: Cash and Cash Equivalents at the beginning of the Year	9,295.60	7,734.79
Cash and Cash Equivalents at the end of the Year	**7493.84**	**9,295.60**

1 Management Replies - Final.indd 84 19-08-2026 6:26:35 PM

D Component of Cash and Cash Equivalents		
Cash on hand	-	-
Balance in Current Account	13.42	7.79
Other Deposit Account	7,480.42	9,287.81
	7,493.84	**9,295.60**
	-	-

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/-
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
29489

Place: Delhi
Date: 24 Oct , 2025

1 Management Replies - Final.indd 85 19-08-2026 6:26:35 PM

Standalone Statement Of Changes In Equity For The Year Ended 31 March, 2025

(₹ in million)

A. Equity Share Capital	**As at 31 March, 2025**	**As at 31 March, 2024**
Balance at the beginning of the reporting year	629,654.50	623,654.50
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 Capital during the year	571.40	6,000.00
Less: Buyback	-	-
Balance at the end of reporting year	**630,225.90**	**629,654.50**

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 2024	60,537.44	-	**60,537.44**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit for the Year	2,572.21	-	**2,572.21**
other Comprehensive Income/(loss)	-	-	**-**
Balance as at 31 March 2025	63,109.65	-	**63,109.65**
Fund transferred to the then AIL over and above assets/liabilities received as at 31 March 2025	(6,80,064.36)	-	**(6,80,064.36)**
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)**

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/-
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
29489

Place: Delhi
Date: 24 Oct , 2025

1 Management Replies - Final.indd 86 19-08-2026 6:26:35 PM

Notes forming part of the financial statements as at and for the year ended March 31, 2025

NOTE "1" : OVERVIEW & MATERIAL ACCOUNTING POLICIES

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 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, 2025 have been approved by the Board of directors of the Company in their meeting held on 24th October 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 2025 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

1 Management Replies - Final.indd 87 19-08-2026 6:26:35 PM

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. 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, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

E. Property Plant & Equipment

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.”

1 Management Replies - Final.indd 88 19-08-2026 6:26:35 PM

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.

F. Depreciation / Amortization

a. 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.

b. Depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.

c. 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.

G. 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.”

H. Revenue Recognition

a. 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

1 Management Replies - Final.indd 89 19-08-2026 6:26:36 PM

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."

b. "Government Grants

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."

c. 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.

d. 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.

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

f. 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.

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

h. Foreign Currency Monetary Item

i 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.

I. Assets Included in Disposal Group Held-for-Sale

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.

1 Management Replies - Final.indd 90 19-08-2026 6:26:36 PM

J. Inventories

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.

K. Employee Benefit Expenses

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.

L. 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.

M. Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. **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."

b. **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

1 Management Replies - Final.indd 91 19-08-2026 6:26:36 PM

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."

c. **"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."

d. **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."

N. 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 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. **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.

d. **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.

e. **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.

1 Management Replies - Final.indd 92 19-08-2026 6:26:36 PM

O. Earning 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.

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.

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

1 Management Replies - Final.indd 93 19-08-2026 6:26:36 PM

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.

Q. Borrowing Cost

i. 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.

ii. 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.

R. 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).

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.

1 Management Replies - Final.indd 94 19-08-2026 6:26:36 PM

S. 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

T. Threshold Limit

The Company has adopted following materiality threshhold 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	100
- Restatement based on overall limits		1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	₹in million	100
Procurement of Property, Plant and Equipments	₹	₹5,000

1 Management Replies - Final.indd 95 19-08-2026 6:26:36 PM

1 Management Replies - Final.indd 96

Notes to Standalone Financial Statements For The Year Ended March 31, 2025

NOTE 2: PROPERTY, PLANT & EQUIPMENT

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 01, 2024	Additions	Other Adjustments	Disposals / Adjsutments	As at March 31, 2025	As at April 01, 2024	For the year	Deductions / Adjsutments	Total Upto March 31, 2025	As at March 31, 2025	As at March 31, 2024
TANGIBLE ASSETS :											
a) Office Equipment	0.05	-	-	-	0.05	0.02	0.01	-	0.03	0.02	0.03
b) Computer & Printers	0.02	-	-	-	0.02	0.00	0.01	-	0.01	0.01	0.02
c) Furniture & Fixture	0.11	-	-	-	0.11	0.02	0.01	-	0.03	0.08	0.09
TOTAL FOR TANGIBLE ASSETS	**0.18**	**-**	**-**	**-**	**0.18**	**0.04**	**0.03**	**-**	**0.07**	**0.11**	**0.14**
PREVIOUS YEAR	**0.17**	**0.01**	**-**		**0.18**	**0.02**	**0.02**	**-**	**0.04**	**0.14**	**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 2024-25 and no discrepancy on physical verification has been found.

19-08-2026 6:26:36 PM

Notes to Standalone Financial Statements For The Year Ended March 31, 2025

NOTE 3A: FUND TRANSFERRED TO THEN AIL OVER ASSETS/LIABILITIES RECEIVED

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
a	**Opening balance (Funds transferred to the then AIL over and above assets/ liabilities received)**	680,041.33	680,041.33	-	-
b. ASSETS/MONETIZATION PROCEEDS/LIABILITY TRANSFERRED BY THE AIL TO THE COMPANY					
i	Garnishment of Fund by IATA in Devas Case (Refer Note No - 3.6)	47.32	-	-	-
ii	Less HCI Outstanding Recoverable as on disinvestment date restated (Refer Note No - 9.5)	70.35			
	Value of assets/liabilities transferred by the then AIL (b)	(23.03)	-	-	-
	Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the “Other Equity” (a+b)	680,064.36	680,041.33	-	-

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

Air India Limited Reconciliation A/c (Refer Note No - 3.5)	-	-	2,820.51	2,689.08
Net Recoverable from Air India Limited	**-**	**-**	**2,820.51**	**2,689.08**

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 ₹6,80,064.36 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 Nil). Further, an email dated 3rd August 2023 received from Dy Head MMG (DRDO) for levy for liquidated damages against the above recoverable. The company has taken up the matter of withheld amount of ₹318.35 million consisting of liquidated damages of ₹282.96 million with DRDO, ₹35.39 million TDS on GST from AIL and AIESL for deletion/waiver as aircraft were delivered within the extended date of delivery i.e 15th June 2023. (Refer details at 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 since FY 2023-24. In the meetings held on 17th April 2025 and 11th June 2025 between between AIL, AIAHL and AIESL, it was decided to review the matter mutually by AIL and AIESL.

1 Management Replies - Final.indd 97 19-08-2026 6:26:36 PM

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

	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 ₹2,820.51 million (Previous Year ₹2,689.08 million) AIL has indicated vide email dated 7th August, 2025 ₹94.19 million as amount payable to AIAHL by AIL (Previous Year ₹1,422.61 million amount claimed as receivable by 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 2024-25	FY 2023-24
Amount Recoverable from AIL (A)			
1	Recovery towards 6 Aircraft Maint. (Refer Note No. 3.4)	435.22	435.22
2	Rent & Other Receivable	548.22	560.61
3	Garnishment of Fund by IATA (Refer Note No 3.6)	1,370.25	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	9.20	7.97
Total Recoverable (A)		**4,270.29**	**4,234.13**
Amount Paybale to AIL (B)			
1	Provision towards Medical Bills claimed by AIL (Refer Note No. 3.9)	1,195.92	1,305.04
2	Property Maintenance & Provision for Expenses (Insurance, Security Sevices, Property Tax etc.)	253.86	240.01
Total Payable (B)		**1,449.78**	**1,545.05**
Net Recoverable from AIL (A-B)*		**2,820.51**	**2,689.08**

*Regarding above Recoverables from AIL, various meetings have been held on 17th April, 2025, 11th June 2025 and 12th Sept 25 between Air India and AIAHL officials and detailed point-wise discussion held for reconciliation.

Note 3.6: As per the email written by the then AIL dated 14th January 2022 to the GoI, AIL had 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

1 Management Replies - Final.indd 98 19-08-2026 6:26:36 PM

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 AIL has confirmed vide their email dated 18th Oct 2024, the receipt of IATA Garnishment funds in May 2023 totalling to ₹1,370.25 million and accordingly, the accounting impact of the difference of ₹47.32 million has been taken in the books of the company. Further, AIL has also remitted this amount ₹1,370.25 million to the company on 27th July 2025. 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 accounted 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. Further, in the meetings held in April/June/Sept 2025 noted that the AIL is using PSS as reservation system for earning operational revenue for Air India and thus the amount withheld by AIL for implementation costs at the time of disinvestment without any specific provision for AIAHL for absorbing this liability/expense, thus the funds withheld by AIL at the time of disinvestment in Jan 2022 be released to AIAHL. However, AIL suggested that the matter requires clarification from the GOI.

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. Further, in the above stated meeting, AIAHL stated that the matter needs to be settled in the light of documented decisions, including Framework Agreement between AIL & AIAHL for Interest servicing for AI issued NCDs which defines interest to be borne on an accrual basis by AIAHL effective 1st Oct 2018 and not for any earlier period on cash payment basis. AI stated that since this issue has been pending decision for quite some time it would be appropriate to seek the intervention of DIPAM/Govt for necessary resolution for which AI would send a reference to GOI.

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.

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 Claims amounting to ₹560.38 million have been paid/adjusted in FY 2022-23 and the claims aggregating to ₹36.43 million have not been accepted as these pertain to the period earlier/later than the agreed period . Further, in the FY 2024-25, ₹20.58 million medical claims of AIESL against Air India were adjusted and debited to Air India by AIAHL from the medical claims payable to Air India by AIAHL in terms of the decision taken in the 17th April 2025. Thus, the remaining Medical reimbursement claims of ₹1,195.90 million are in the process of verification and on completion of the said process, accounting impact of excess/short found, if any, will be adjusted.

1 Management Replies - Final.indd 99 19-08-2026 6:26:36 PM

Note 4: Other Financial Assets **(₹in million)**

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Security Deposits	-	-	0.01	0.01
Interest Accrued but not due on FDs	-	-	46.02	69.92
Other (Imprest & Advances)	-	-	-	0.11
Prepaid Expenses	-	-	486.80	505.70
Rent Receivable	-	-	2,141.54	1,559.08
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
Other Recoverable	-	-	5.13	1.23
Total	**114.00**	**114.00**	**2,679.50**	**2,669.57**

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. A Co-development agreement between AIAHL and MADC has been drafted by the Consultant in April 2025, which shall include a business plan awaited from AIESL, such co-development shall be approved subsequently.

Note: 4.2: Summary of grants received by the Company and its utilization during the financial year 2024-25 are as under: -

(₹in million)

S. No.	Particulars	FY 2024-25	FY 2023-24
A	**Grant for servicing NCDs’ interest**		
	Opening Un-spent Grant-in-aid-Interest*	31.22	-
	Add: GOI Grant funds received during the year for servicing NCDs’ interest	8,181.80	6,500.00
	Add: Interest earned on grant funds*	58.25	31.22
	Less: Utilization of the GOI Grants for servicing NCDs’ interest	8,181.80	6,500.00
	Net Unspent/(receivable) Grant*	**89.47**	**31.22**
B	**Grant for Medical Expenses as per approved medical scheme of GOI**		
	Opening Grant-in-aid (incl. Interest) Receivable for medical expenses*	(564.73)	(447.44)
	Add: GOI Grant funds received during the year	1,030.00	510.00
	Add: Funds received during the year from eligible AI retires upon joining AIAHL Medical scheme towards CGHS Subscription CGHS subscription charges.	61.97	106.73
	Add: Interest earned on grant funds*	5.57	0.49
	Less: Utilization of the Grants for medical expenses	1,277.33	734.51
	Net Unspent/(receivable) Grant	**(744.52)**	**(564.73)**

1 Management Replies - Final.indd 100 19-08-2026 6:26:36 PM

C	**Grant for Tax indemnification matters of AIL (Refer Note No. - 4.3)**		
	Opening Un-spent Grant-in-aid for medical expenses	-	-
	Add: Grant received during the year	1,590.00	-
	Add: Interest earned on grant funds	0.51	-
	Less: Payment to AIL for tax indemnification matters	694.72	-
	Net Unspent/(receivable) Grant	895.79	-
D	Interest earned on the GOI Equity Funds of Rs.571.40 million received in July 24 from GOI in AIAHL for financial support to HCI released to HCI in two tranches in Oct 24 for equity investment by AIAHL in HCI	5.64	-
Net Unspent/(receivable) Grant in Aid (A+B+C+D)		**246.38**	**(533.51)**

* Interest earned on short term parking in FDRs with SBI of the GOI Grant funds received for servicing NCD Interest, Medical expenses of AI Retirees and Tax Indemnification as also the Initial AIAHL Medical Scheme Subscription funds received from the joining AI Retirees payable to CGHS, shown as payable to GOI and informed to MoCA, GOI

Note 4.3: Tax Indemnification Grants released to AIAHL by MoCA, GOI during the year are in terms of the provisions of the Clause 14 of the MoCA-AI-Talace Private Ltd. SPA (Share Purchase Agreement), extracts of which shared by the Legal Advisor appointed by DIPAM, GOI for AI Disinvestment process for certain Identified Contingent Tax liabilities (ICL) of Air India existing as on the date of disinvestment i.e. 27th Jan 2022 which were undertaken as obligation of the Govt of India for Tax Indemnification against which MoCA, GOI released Grant funds to AIAHL (SPV) formed for AI disinvestment transactions, for deposit directly by AIAHL with the tax authorities on the case by case recommendations of the Tax Advisor & Legal Advisor and approval of MoCA, GOI on the AI Tax indemnification claims.

NOTE 5: INCOME TAXES

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

(₹in million)

Particulars	2024-25	2023-24
Current Tax	85.89	-
Deferred Tax	668.03	(3,760.44)
Tax Adjustment relating to tax expense for FY 2023-24	111.34	-
TOTAL	**865.26**	**(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 2025	For the year ended 31 March 2024
Profit / (Loss) before tax	3,437.47	1,086.67
Effective Income Tax Rate	25.17	25.17
Loss brought forward	15,383.32	16,028.08
Income Tax Expenses	85.89	-

The details of income tax assets and income tax liabilities as at March 31, 2025 and March 31, 2024:

1 Management Replies - Final.indd 101 19-08-2026 6:26:36 PM

(₹in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Tax Deducted at Source	-		344.48	589.07
Advance Self Assessment Tax	-		-	-
Less: Provision for Tax	-		85.89	-
Income Tax Refundable	-		502.35	24.62
Total	**-**		**760.95**	**613.69**

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, 2025	As at March 31st, 2024
Deferred tax liabilities on account of (DTL)		
Depreciation	0.00	0.00
Total deferred tax liability (A)	0.00	0.00
Deferred tax asset on account of (DTA)		
Unabsorbed depreciation & losses	3,092.41	3,760.44
40A(i) 30% expense	-	-
Other tax disallowances	-	-
Provision for employee benefits	-	-
Total deferred tax asset (B)	**3,092.41**	**3,760.44**
Net deferred tax asset (A-B)	**3,092.41**	**3,760.44**

NOTE 6: OTHER CURRENT ASSETS

(₹in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
GST ITC Balance (Refer Note No. 24)	-	-	67.84	81.44
Other	-	-	0.25	0.31
Total	**-**	**-**	**68.09**	**81.75**

1 Management Replies - Final.indd 102 19-08-2026 6:26:36 PM

NOTE 7: CASH AND CASH EQUIVALENTS

(₹in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash and Cash Equivalents		
Cash on hand	-	-
Balance with Bank :		
Current Account	13.42	7.79
Fixed Deposits less than 3 months*	7,480.42	9,287.81
Total	**7,493.84**	**9,295.60**

* 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)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 23.ii)	2,386.70	2,284.20	-	-
Other Fixed Deposits (Refer Note No - 8.2)	-	-	173.00	2.20
Total	**2,386.70**	**2,284.20**	**173.00**	**2.20**

Note 8.1: Earmarked balances as FD represents Fixed deposits with State Bank of India. Fixed Deposits are having tenure of less than 3 months.

Note 8.2: Other Fixed Deposits include monetization proceeds, rentals etc.parked in Fixed Deposits having maturity period of less than 12 months.

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

(₹in million)

Particulars	As at March 31, 2025	As at March 31, 2024
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	75,265.23
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	1,384.24	1,384.24
(Previous Year : 138,424,200 Equity Shares)		
b) 166,666,500 Equity Shares of Rs.10 each fully paid up in AI Engineering Services Ltd	1,666.67	1,666.66
(Previous Year : 166,666,500 Equity Shares)		

1 Management Replies - Final.indd 103 19-08-2026 6:26:36 PM

c) 10,02,25,000 Equity Shares of Rs 100/- each fully paid up in Alliance Air Aviation Ltd	10,022.50	10,022.50
(Previous Year : 40,225,000 Equity Shares)		
d) 1,67,74000 Equity Shares of Rs.100 each fully paid up in Hotel Corporation of India Ltd	1,677.40	1,106.00
(Previous Year : 11,060,000 Equity Shares)		
3.i. Recoverable from Subsidiary Companies t/f by the then AIL **		
a) Recoverable From AAAL	23,602.28	23,602.27
b) Recoverable From AIASL	386.56	386.56
c) Recoverable From AIESL	16,785.63	16,785.63
d) Recoverable From HCI (Refer Note No 9.5)	4,861.95	4,932.30
3.ii. Other Recoverable from Subsidiaries **		
a) Advance to AAAL (Refer Note No 9.5)	562.50	562.50
b) Interest on Recoverable from Subsidiary Companies and others (Refer Note No 9.5)	13,888.19	9,335.60
Total	**151,358.41**	**146,304.75**

*The movable assets have been book transferred from the then AIL to AIAHL without any physical hand-over takeover. The company appointed an external agency for identification and tagging of the movable assets. The agency submitted their asset tagging list in the FY 2022-23. The company has further initiated the process to reconcile and correlate the assets reported as not found. Further, upon correlation, X-ray baggage machine, walkie-talkie, assets at foreign location etc. identified and it was decided in the meeting held on 17th April, 2025 between AIL and AIAHL, that AIL to take back these ₹331.3 million worth of assets. Post this AI-AIAHL teams have held meetings to resolve the issues after which a necessary decision for issue of credit to AIAHL by AIL will be taken. For balance of un-identified/unreconcilied assets approriate accounting impact will be taken on approval. The final report is awaited.

**** Ageing of above recoverable from subsidiaries** **(₹in million)**

Particulars	FY 2024-25	FY 2023-24	FY 2022-23	FY 2021-22
Recoverable from Subsidiary Companies t/f by the then AIL:				
AAAL	-	-	-	23,602.28
AIASL	-	-	-	386.56
AIESL	-	-	-	16,785.63
HCI	-	-	-	4,861.95
Other Recoverable from Subsidiaries:				
Advance to AAAL	-	-	-	562.50
Interest on Recoverable from Subsidiary Companies and others for amounting to ₹13,888.19 million	4,552.59	4,398.19	4,012.50	924.91
Total	**4,552.59**	**4,398.19**	**4,012.50**	**47,123.83**

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. All these assets have been classified under

1 Management Replies - Final.indd 104 19-08-2026 6:26:36 PM

assets included in disposal group held for sale. Above movable assets include two assets located at locations outside India for an aggregate value of ₹9.30 million. Of which Nairobi Property (Sr.no.37 of Note 9.1.e.), H-1 buyer has been identified and bidding process has been completed in FY 2025-26 in association with local AI representatives. For the London Property (Sr.no.22 of Note 9.1.e.), bidding process has been completed and the processes leading to Sale documentation are expected to concluded and shall be accounted in FY 2025-26 accordingly.

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 meeting held on 10th October 2023, the process of transfer of building structures constructed on airport lands and movable assets located therein being used by the subsidiaries 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, 2025 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, 2025	As at March 31, 2024
	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	51,399.8	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

1 Management Replies - Final.indd 105 19-08-2026 6:26:36 PM

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 airport	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
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	2,917.63
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

1 Management Replies - Final.indd 106 19-08-2026 6:26:36 PM

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	-	-
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	-	-
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	-	-
56	Airlines House, CBO, Hat Hill, Lal Baug, Mangalore(Built Up Area – 1219.94 Sqm.)	-	-
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)	-	-
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)	-	-
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)	-	-
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	-	-
65	Residential Land for,E Type Staff Quarters, Unit VIII in the New Capital Area, Bhubaneswar ,	-	-
66	CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair (Refer Note No - I)	-	-
	Total	**75,265.23**	**75,265.23**
	Less: Impairment	-	-
Total Net of Impairment		**75,265.23**	**75,265.23**

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.

1 Management Replies - Final.indd 107 19-08-2026 6:26:37 PM

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 was to be done by the then AIL and monetization proceeds to be transferred to the Company through monetization Escrow Account to utilize 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 2025 (₹in million)	Balance as on 31st March 2024 (₹in million)	Nos. of Items/ Assets as on 31st March 2025	Nos. of Items/ Assets as on 31st March 2024
1	Freehold Land & Building	3,323.62	3,323.62	9	9
2	Leasehold / others	68,617.38	68,617.38	38	38
3	Other Structures including MRO land at TRV *	3,324.23	3,324.23	2	2
	Total	**75,265.23**	**75,265.23**		

* 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 31.03.2025 is 292 Nos.(Previous year 292 Nos. as on 31.03.2024)

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 ₹66.69 million (Previous Year ₹44.83 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. 10 & 11 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 21st August, 2017. Further, AIAHL has taken up the matter with MoHUA vide letters dated 9th April 2025 and 8th May 2025 for fast track monetization of these properties.

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. AI vide their email dated 2nd Jan 2025 informed that AI would lend its name for litigation as interim measure and independetly proceed with the formalities

1 Management Replies - Final.indd 108 19-08-2026 6:26:37 PM

to transfer the property under litigation to AIAHL. AI has since filed an Appeal before the Kolkata HC on 27th August 2025.

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 followed by another letter dated 2nd Dec 2024 requesting Govt. of Bihar 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 had granted the stay until HC Order dated 16th July, 2025 advising return of the properties to alloting agency against which the company is filing appeal in consultation with legal advisors.

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.

l. Property at Khajhuraho, MP, (Sr.no.32 of Note 9.1.e) has been surrendered to the alloting authorities at compensation of Rs. 0.19 million, which is accounted as advance against sale/surrender of property awaiting handing/taking over documentation.

m. Land for Aircraft Maintenance base-MRO, Trivandrum (Sr.no.29 of Note 9.1.e) with Rs.282.60 million book value has been ordered to be transferred to AIESL by Kerala Govt. Order dated 18th July 2025.

n. For Indian Airlines Staff Housing Colony & Sports Stadium Meennambakkan, Chennai, (Sr.no.24 of Note 9.1.e) with Rs.1336.74 million book value, MoCA, GOI has been requested by CMD AIAHL vide letter dated 14th August 2025 AAI to transfer sale consideration equivalent to Rs.2791.56 million being 50% of the value without considering any payment to the State Govt. advised earlier to AAI vide AIAHL letter dated 16th July 2025.

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 is profitable except for the financial year 2020-21.

1 Management Replies - Final.indd 109 19-08-2026 6:26:37 PM

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 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 of Inter-Ministerial Group-IMG were held on 18th Nov 2024 and on 7th July 2025 (AAAL) and meetings held between MoCA and DIPAM on 25th April 2025 for AIESL.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 2024-25 ₹5,088.68 million (Previous Year ₹4,784.98 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.

1 Management Replies - Final.indd 110 19-08-2026 6:26:37 PM

Further, HCI has restated/reduced its outstanding payable to the company as on date of transfer (11th January, 2022) of HCI to the company by the then AIL by ₹70.35 million (i.e. ₹4,932.30 million transferred from the then AIL to the company to ₹4,861.95 million) as the outstanding payable by HCI includes the interest from 12th January, 2022 to 31st March, 2022. The consequential impact of interest of ₹16.33 million on outstanding payable has further reduced from ₹1,043.35 million as on 31st March, 2024 to ₹1,027.02 million. The company has also taken the accounting impact of the same as intimated by HCI vide their debit note dated 31st March, 2025.

Notes to Standalone Financial Statements For The Year Ended March 31, 2025

NOTE 10: EQUITY SHARE CAPITAL

Particulars	As at 31-Mar-25		As at 31-Mar-24	
	Number in Million	₹in million	Number in Million	₹in million
Authorised Capital				
Equity Shares of Rs 10/- each	70,000.00	700,000.00	70,000.00	700,000.00
Issued, Subscribed and Fully Paid up Capital				
Equity Shares of Rs 10/- each	63,022.59	630,225.90	62,965.45	629,654.50
	63,022.59	**630,225.90**	**62,965.45**	**629,654.50**

Details of Shareholding in excess of 5% **Number in Million**

Name of Shareholder	As at 31-Mar-25		As at 31-Mar-24	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	63,022.59	100%	62,965.45	100%

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

Particulars	As at 31-Mar-25		As at 31-Mar-24	
	Number in Million	₹in million	Number in Million	₹in million
At the beginning of the year	62,965.45	629,654.50	62,365.45	623,654.50
Issued during the Year	57.14	571.40	600.00	6,000.00
Outstanding at the end of the year	63,022.59	630,225.90	62,965.45	629,654.50

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 57.14 million of Equity Shares in FY 2024-25 (Previous Year i.e. in FY 2023-24 600.00 million (AAAL) of Equity Shares in two tranches) to the Government of India and transferred the amount received to the subsidiary (HCI) as financial support .

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).

1 Management Replies - Final.indd 111 19-08-2026 6:26:37 PM

Promoter's shareholding*

Name of Promoter	As at 31-Mar-25		As at 31-Mar-24	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	63,022.59	100%	62,965.45	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-25		As at 31-Mar-24	
Surplus in Statement of Profit and Loss :				
Balance as per last Balance Sheet		60,537.44		55,690.33
Grant for the repayment of Series-I Bond	-	-		-
Profit for the year	2,572.21		4,847.11	
Less:				
Transfer to General Reserve	-		-	
Add: Prior Period Adjustments	-		-	
Less: Prior Period Adjustments	-		-	
Net Surplus		2,572.21		4,847.11
Total Reserves & Surplus		63,109.65		60,537.44

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, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
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	**149,850.00**	**149,850.00**	**-**	**-**

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.

1 Management Replies - Final.indd 112 19-08-2026 6:26:37 PM

NOTE 13: OTHER FINANCIAL LIABILITIES

(₹in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Interest Accrued on Bonds but not due for payment	-	-	4,998.04	5,014.64
Deposit transferred - JDC arrears against housing colonies*	-	-	96.80	96.80
Grant-in-aid from GoI (Refer Note No 4.2)	-	-	246.37	-
Others (including EMD)	-	-	0.33	1.70
Total	**-**	**-**	**5,341.54**	**5,113.14**

NOTE 14: TRADE PAYABLE

(₹in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Payables		
- Micro Small and Medium Enterprises	0.30	0.87
- Other Payables	2.57	4.91
Total	**2.87**	**5.78**

Ageing of trade payables

As at March 31, 2025 **(₹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)	-	0.30	-	-	-	0.30
(i) Undisputed dues (Others)	-	1.14	0.01	1.42	-	2.57
(iii) Disputed dues (MSEs)	-	-	-	-	-	-
(iv) Disputed dues (Others)	-	-	-	-	-	-
Total	**-**	**1.44**	**0.01**	**1.42**	**-**	**2.87**

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**

1 Management Replies - Final.indd 113 19-08-2026 6:26:37 PM

NOTE 15: PROVISIONS

(₹in million)

Particulars	Non - Current		Current	
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
Provision for Expenses	-	-	1,541.59	1,704.98
Total	**-**	**-**	**1,541.59**	**1,704.98**

Note: Provision for expenses include estimated property tax and stamp duty on immovable properties (held for sale) of previous years have been reassessed and reduced by Rs. 90.73 million.

NOTE 16: OTHER CURRENT LIABILITIES

(₹in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory Dues	1.01	0.50
Other	5.67	4.52
Total	**6.68**	**5.02**

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

(₹in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Advance Received against sale of Properties (Refer Note No - 17.1)	91.42	143.66
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	50.28
Total	933.65	985.89

Note 17.1: Out of ₹91.42 million advance received against sale of properties, the then AIL had initiated the process of monetization and an advance as liability of ₹₹66.69 million (Previous Year ₹44.83 million) against sale of unsold properties and the company has received advance against sale consideration of ₹24.73 million (Previous Year ₹98.83 million) for two properties namely Besant Nagar Property (Sr.no.23 of Note 9.1.e) and surrender of Khajuraho Property (Sr.no.32 of Note 9.1.e) awaiting completion of the sale/surrender documentation.

Further, the abovesaid advances include restatement of advance of ₹21.86 million towards sale of land for housing colony at NCC Nagar, Thiruvananthapuram, which had been forfeited and accounted as income in FY 2023-24 by the company in terms of the tender conditions as the bidder failed to pay the balance amount even after repeated reminders. However, the bidder had send a legal notice to AIL and MSTC to refund the entire amount with 18% interest. Further, the bidder had also approached Delhi High Court, Mediation & Conciliation Centre for pre-litigation mediation in money recovery dispute vide letter dated 4/5th July, 2024 and as per the 9th Mediation meeting held on 29th Jan 2025, it was decided that the bidder will pay the balance amount i.e. ₹20.90 million plus 7% interest from last date of payment i.e.10th Feb 2022 till the date of settlement and based on the decision, the advance amount which was forfeited earlier has now been restated and in addition to this, the Interest receivable as per the aforesaid decision has been accounted.

Note 17.2: Pursuant to a proposal to setup an AIrport in Navi Mumbai, the then AIL sought allotment land from City and Industrial Development Corporation (CIDCO) and entered into lease agreement for allotment of land measuring 1,00,021.64 sq. mtrs. with CIDCO dated 13th Jan, 1992 and subsequently AIL constructed 508 flats in 25 residential towers on 34,347.45 sq. mtrs. and balance approx. 65,674.15 sq. mtrs. is vacant and thereafter it was proposed to sell those residential flats on outright basis to its employees. Out of 508 flats, the then AIL had received ₹415.33 million for sale of 358 flats either in full or 10% of the sale consideration. The then AIL vide its credit note number 6 dated 31st March 2022 transferred the aforesaid advance of ₹415.33 million to the company against the

1 Management Replies - Final.indd 114 19-08-2026 6:26:37 PM

proposed sale of flats which are yet to be executed. The said property has also been transferred by the then AIL to the Company. Further, the Company has initiated the process of transfer of agreement to lease from AIL to the Company.

Further, 335 flats out of 508 flats sold by the then AIL to its employees who had also formed five co-operative societies, and 173 flats are vacant. Furthermore, 12 buyers/employees of AIL who had paid 10% EMD amount to AI as advance for the aforesaid flat filed writ petition in the Bombay High Cour(2763 of 2017 dated 11th Sept, 2017 and 3065 of 2021 dated 9th July, 2021) with a prayer that AIL and/or CIDCO be directed to accept the balance payment towards cost of the respective flats and thereafter issue the final allotment letters to the petitioners. The Hon'ble Court in its judgement dated 16th April, 2025 has dismissed the petition at the outset as to the claim on flats and directed AIAHL to refund 10% and based on the judgement the company has issued cheques dated 14th May, 2025 to all 12 Petitioners.

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. Due to non-availability of supporting documents, the company is following up with AI/CIDCO for advising details of the expenses in this regard.

Note 17.4: The property listed at Sr.No.8 of Note 9.1.e. 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 in September 2025 and a Deed of Transfer amongst parties (AIAHL, AI and SD Corporation) is under process of execution in consultation with AIAHL legal advisors.

NOTE 18: OTHER INCOME

(₹in million)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Rent from properties held for sale	1,127.33	1,636.76
Total	**1,127.33**	**1,636.76**

NOTE 18.1: OTHER MISCELLANEOUS INCOME

(₹in million)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Grant-in-aid from GoI (Refer Note No- 4.2)	9,510.30	7,234.51
Interest Income on FDRs	341.25	425.33
Interest on outstanding recoveries of subsidiaries (Refer Note No. - 9.4)	5,090.09	4,784.93
Advance Forfeited	0.01	24.63
Profit on Properties sold	-	168.46
Interest on Income Tax Refund	-	17.07
Provision/Liabilities no Longer Required (Net)	58.61	-
Misc. Income	7.25	25.39
	15,007.51	**12,680.32**

1 Management Replies - Final.indd 115 19-08-2026 6:26:37 PM

NOTE 19: EMPLOYEE BENEFIT EXPENSES

(₹in million)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Salaries and Wages (Refer Note No. 19.2)	38.70	17.30
Total	**38.70**	**17.30**

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 19.2: The above salaries and wages of ₹38.70 million includes ₹20.55 million debit note (no.-AIESL/AIAHL/24-25/01(A) dated 31st March 2025) from AIESL for reimbursement salary of 4 employees deployed/deputed to the Company for the period from 1st February, 2022 to 31st March, 2025.

NOTE 20: FINANCE COST

(₹in million)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Interest on NCDs of AIAHL	11,057.31	11,090.52
Interest on Overdrafts	0.80	-
Total	**11,058.11**	**11,090.52**

NOTE 21: OTHER EXPENSES

(₹in million)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
NCD's & Equity Related Expenses	1.26	0.32
Legal And Professional Expenses	14.83	9.05
Meeting Related Expenses	0.18	0.16
Advertisement Expenses	1.67	1.25
Medical Expenses AIL Eligible Employees	1,328.50	745.54
Bank Charges	0.02	0.03
Conveyance & Fuel Expenses	0.70	0.70
Lease Rent Expenses	16.70	96.24
Repair & Maintenance Expenses	12.67	133.14
Electricity Consumption Charges	76.10	19.46
Water Charges	5.88	2.22
Property & Monetization Related Expenses	1.02	4.89
NGMA Expenses Refer Note No. 21.1)	20.12	-
Insurance Expenses	15.76	11.25
Manpower Supply services	61.92	84.18
Printing & Stationary	1.18	0.38
Secretarial Expenses	0.02	0.12
Rates & Taxes (Refer Note No. 21.2)	38.39	1,010.33
Telephone Expenses	0.12	0.10
Travel, Boarding & Lodging Expenses	1.27	0.80

1 Management Replies - Final.indd 116 19-08-2026 6:26:37 PM

Office Expenses	0.63	0.55
Misc. Expenses	0.69	0.97
Remuneration To Statutory Auditor		
- Audit fees	0.54	0.45
- Out of Pocket Expenses	-	0.07
Other audit fees (Tax, Internal Audit & Limited Review Fees)	0.36	0.37
Total	**1,600.53**	**2,122.57**

Note 21.1: NGMA Expenses represents expenditure incurred by AIAHL towards transfer, insurance and transportation of Art and Artefacts decided to be transferred to National Gallery of Modern Art (NGMA) in terms of the multiparty MoU dated 18th Jan 2023

Note 21.2: Rates and Taxes includes property tax and stamp duty on immovable properties (held for sale) calculated on estimation basis. Accordingly, the additional provision of ₹38.39 million (net) (Previous Year ₹1,010.33 million) has been created during the year.

NOTE 22 : EARNING PER SHARE

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

Particulars	FY 2024-25	FY 2023-24
Profit available for appropriation as per Profit & Loss Statement (₹in million)	2,572	4,847
Weighted average No. of equity shares outstanding during the year (in million)	62,792.94	62,771.38
Basic and Diluted EPS (₹)	0.04	0.08
Face value per equity share (₹)	10.00	10.00

23. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS

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. The dues, if any, towards property taxes/ house Tax, stamp duty and/or any other claim has not been accounted for where the same are unascertainable.

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 ₹3.75 million (Previous year ₹8.90 million) as on 31.03.2025

1 Management Replies - Final.indd 117 19-08-2026 6:26:37 PM

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 had 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 deducted by DRDO on AIL GST invoicing against the recoverable from DRDO transferred by the then AIL. The company has taken up the matter of the deductions for withheld amount payable to AIAHL for the liquidated damages deductions 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. Further, AIAHL vide its letter dated 29th April, 2025 and email dated 4th September, 2025 requested DRDO to expedite the release of the Liquidated damages withheld on priority which has been deducted by DRDO. Company has provided the breakdown of withheld amounts to DRDO vide its email dated 12th September, 2025 for release of withheld amount.

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 ₹6,132.15 million). Out of this, USD 45.60 million (equivalent to ₹3,897.66 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹1,628.30 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹606.19 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 ₹2,386.70 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 ₹3,256.60 million). FEDAI spot rate (85.4750) as on 31st March 2025 has been adopted for the conversion of USD into ₹. The expenses in relation to the same incurred by the Company amounting to ₹31.80 million (Previous Year ₹23.25 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: -

5.1

S. No.	Particular	"As at 31st March 2025"	"As at 31st March 2024"
		(₹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% 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 2025. 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 amounting to ₹67.84 million and as per GST portal amounting to **₹21.90 million are in the process of reconciliation.**

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.

1 Management Replies - Final.indd 118 19-08-2026 6:26:37 PM

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.

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 2025 is ₹0.30 million. Details for the same are as under:-

(₹in Million)

Particulars	31st March, 2025	31st March, 2024
Principal amount due and remaining unpaid	0.30	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 2024-25:

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	

1 Management Replies - Final.indd 119 19-08-2026 6:26:37 PM

B. Key Managerial Personnel & Relatives

Sr No	Name of Director	Designation	Date of Appointment / Cessation
1	Shri Amit Kumar	CMD	13.03.2025 (Appointment)*
2	Shri Asangba Chuba Ao	CMD	01.01.2024 (Appointment)
			11.03.2025 (Cessation)
3	Shri Satyendra Kumar Mishra	Director & CMD	22.01.2018 (Appointment)
			31.12.2023 (Cessation)
4	Shri Padam Lal Negi	Director	03.02.2023 (Appointment)
5	Smt. Parama Sen	Director	10.06.2021 (Appointment)
			12.12.2023 (Cessation)
6	Shri Solomon Arokiaraj	Director	27.12.2022 (Appointment)
7	Shri Rahul Jain	Director	12.12.2023 (Appointment)
			04.05.2024 (Cessation)
8	Shri Alok Pande	Director	16.05.2024 (Appointment)
			05.02.2025 (Cessation)
9	Shri Shobhit Gupta	Director	25.05.2024 (Appointment)
10	Shri Rajiv Kapoor	CFO	12.11.2021 (Appointment)
11	Ms. Kavita Tanwar	CS	01.08.2022 (Appointment)

*In terms of MOCA Order no. AV17015/02/2015-AI dated 11th March, 2025 joined as CMD AIAHL on 11th March, 2025.

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 2024-25. Details for the same are as under:

a. Shri Amit Kumar, CMD ₹0.29 million (prev. year ₹NIL) appointed by MoCA, vide letter dated 11th March, 2025. As the terms and conditions of the appointment are awaited from GOI, advance against salary of ₹0.29 million has been paid.

b. Shri Rajiv Kapoor, CFO ₹1.99 million (prev. year ₹1.91 million)

c. Ms. Kavita Tanwar, CS ₹1.25 million (prev. year ₹1.22 million)

D. 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:

(₹in Million)

S. No.	Transactions	FY 2024-25	FY 2023-24
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	2,627.48	2,406.43
iii	Rentals & others		2.84
b.	**Closing Balance as on 31st March**		
	- Advance to AAAL	562.50	562.50
	- Outstanding Recoverable include Accrued payables and receivables	31,289.43	28,607.08
	- Investments	10,022.50	10,022.50

1 Management Replies - Final.indd 120 19-08-2026 6:26:37 PM

2	**AI Engineering Services Limited (AIESL)**		
a.	**Revenue**		
i.	Interest on Outstanding Recoveries	1,879.64	1,840.76
ii	Rental & others	1,532.69	458.24
b.	**Expenditure**		
i.	Manpower Charges	97.00	35.33
d.	**Closing Balance as on 31st March**		
	- Outstanding Recoverable include Accrued payables and receivables	22,636.45	20,822.96
	- Investments	1,666.67	1,666.67
3	**AI Airport Services Limited (AIASL)**		
a.	**Revenue**		
i.	Interest on Outstanding Recoveries	47.35	39.07
ii.	Rental & others	136.69	4.97
b.	**Expenditure**		
i.	Manpower Charges	6.22	2.85
c.	**Closing Balance as on 31st March**		
	- Outstanding Recoverable include Accrued payables and receivables	627.18	398.14
	- Investments	1,384.24	1,384.24
	- Advance against property - Unity complex Chennai	74.30	74.30
4	**Hotel Corporation of India Limited (HCI)**		
a.	**Revenue**		
i.	Interest on Outstanding Recoveries	529.99	493.39
b.	**Expenditure**		
i.	Meeting expenses	0.14	0.26
c.	Closing Balance as on 31st March		
	- Outstanding Recoverable include Accrued payables and receivables	6,418.75	5,975.50
	- Investments	1,677.40	1,106.00
5	**Monthly 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, 2025	As at 31st March, 2024
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)	87.06%	80.38%

1 Management Replies - Final.indd 121 19-08-2026 6:26:37 PM

Notes to Standalone Financial Statements For The Year Ended March 31, 2025

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

(₹in Million)

Particulars	For the year ended March 31, 2025	For the year ended March 31, 2024
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.

(₹in Million)

Particulars	" Year ended March 31, 2025	" Year ended March 31, 2024 "
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 :	-	-

1 Management Replies - Final.indd 122 19-08-2026 6:26:37 PM

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 last 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.

(₹in million)

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	60,087.11	100%	55,604.86	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.

1 Management Replies - Final.indd 123 19-08-2026 6:26:37 PM

(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 2024-25	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 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	-	-	-	-	-

(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 ₹2,386.70 million (Previous Year ₹2,282.00 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 million)**

Current ratio		
Particular	**As at**	**As at**
	March 31, 2025	March 31, 2024
Total current assets	13,995.89	15,351.89
Total current liabilities	6,892.68	6,828.92
Ratio	2.03	2.25
% change	**-9.68%**	**-10.02%**
Reason	Due to decrease in current assets (cash & cash equivalents) as compared to previous year.	
Debt equity ratio		

1 Management Replies - Final.indd 124 19-08-2026 6:26:37 PM

Particular	As at March 31, 2025	As at March 31, 2024
Total debt	149,850.00	149,850.00
Shareholder's equity	13,271.19	10,150.61
Ratio	**11.29**	**14.76**
% change	**-23.51%**	**-106.86%**
Reason	Due to improvement in net-worth of the company in the current & previous year and further issuance of Equity shares & profit in the current year compared.	

Debt service coverage ratio		
Particular	**As at March 31, 2025**	**As at March 31, 2024**
Earnings available for debt service (EBIDTA)	14,495.61	12,177.21
Total debt	149,850.00	149,850.00
Ratio	**0.10**	**0.08**
% change	**19.04%**	**35.44%**
Reason	Due to increase in Grant in aid received from GOI.	

Return on equity		
Particular	**As at March 31, 2025**	**As at March 31, 2024**
Net profits after tax	2,572.21	4,847.11
Average Shareholders' equity	11,710.90	4,727.06
Ratio	**0.22**	**1.03**
% change	**-78.58%**	**503.17%**
Reason	Due to decrease in profit during the year & increase in average shareholder's equity	

Inventory turnover ratio		
Particular	**As at March 31, 2025**	**As at March 31, 2024**
Cost of goods sold	-	-
Average inventory	-	-
Ratio	-	-
% change	-	-
Reason	Nil	

Trade receivable turnover ratio		
Particular	**As at March 31, 2025**	**As at March 31, 2024**
Revenue from operations	-	-
Closing trade receivables	-	-
Ratio	-	-
% change	-	-
Reason	Nil	

1 Management Replies - Final.indd 125 19-08-2026 6:26:37 PM

Trade payable turnover ratio		
Particular	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Other expenses	1,600.53	2,122.57
Closing trade payables	2.87	4.91
Ratio	**557.79**	**432.30**
% change	**29.03%**	**-48.98%**
Reason	Due to decrease in other expenses & trade payable as compared to previous year.	
Net capital turnover ratio		
Particular	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Rental Revenue from properties	1,127.33	1,636.76
Working capital	7,103.22	8,522.97
Ratio	**0.16**	**0.19**
% change	**-17.36%**	**6.69%**
Reason	Due to decrease in Rental revenue and decrease in working capital as compared to previous year.	
Net profit ratio		
Particular	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Net Profit for the year	2,572.21	4,847.11
Rental Revenue from properties	1,127.33	1,636.76
Ratio	**2.28**	**2.96**
% change	**-22.95%**	**-184.37%**
Reason	Due to decrease in rental revenue and profit during the year	
Return on capital employed		
Particular	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Profit before exceptional item & tax plus finance cost	14,495.58	12,177.19
Capital employed	163,121.19	160,000.61
Ratio	**0.09**	**0.08**
% change	**16.76%**	**24.77%**
Reason	Mainly due to increase in grant received from GOI and capital employed.	
Return on investment		
Particular	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% change	Nil	Nil

1 Management Replies - Final.indd 126 19-08-2026 6:26:38 PM

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

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 2025, 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.

1 Management Replies - Final.indd 127 19-08-2026 6:26:38 PM

(₹in millions)

Financial assets and liabilities as at March 31, 2025	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	2,679.50	2,793.50	-	-	-	-	-	-	-	-	2,793.50	2,793.50
Cash and cash equivalents	-	7,493.84	7,493.84	-	-	-	-	-	-	-	-	7,493.84	7,493.84
Bank balances other than cash and cash equivalents	2,386.70	173.00	2,559.70	-	-	-	-	-	-	-	-	2,559.70	2,559.70
AI Reconciliation Account/ Recoverable from AIL	-	2,820.51	2,820.51	-	-	-	-	-	-	-	-	2,820.51	2,820.51
Total financial assets	**2,500.70**	**13,166.85**	**15,667.55**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**15,667.55**	**15,667.55**
Financial liabilities													
Borrowings	149,850	-	149,850.00	-	-	-	-	-	-	-	-	149,850.00	149,850.00
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	-	2.87	2.87	-	-	-	-	-	-	-	-	2.87	2.87
Other financial liabilities	-	5,341.54	5,341.54	-	-	-	-	-	-	-	-	5,341.54	5,341.54
Total financial liabilities	**1,49,850.00**	**5,344.41**	**155,194.41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**155,194.41**	**155,194.41**

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 #	149,850.00	-	149,850.00	-	-	-	-	-	-	-	-	149,850.00	149,850.00
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	**149,850.00**	**5,118.92**	**154,968.92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**154,968.92**	**154,968.92**

1 Management Replies - Final.indd 128 19-08-2026 6:26:38 PM

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) of ₹7493.84 million as at 31st March 2025 (Previous Year ₹9295.60 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.

1 Management Replies - Final.indd 129 19-08-2026 6:26:38 PM

Exposure to liquidity risk

As at March 31, 2025

Particulars	Carrying amount	Contractual cash flows			
		Upto 1 year	1-5 years	More than 5 years	Total
Current					
Trade Payables	2.87	2.87	-	-	2.87
Interest Accrued but not due on Borrowings/NCDs	4998.04	4998.04	-	-	4998.04
Other Financial Liabilities	343.50	343.50	-	-	343.50
Total	**5,344.41**	**5,344.41**	**-**	**-**	**5,344.41**

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**

(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.

1 Management Replies - Final.indd 130 19-08-2026 6:26:38 PM

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, 2025, is ₹Nil (₹Nil as on 31st March, 2024).

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: 24 Oct , 2025

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/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Kavita Tanwar
Company Secretary
29486

1 Management Replies - Final.indd 131 19-08-2026 6:26:38 PM

CONSOLIDATED FINANCIAL STATEMENTS OF AI ASSETS HOLDING LIMITED GROUP

1 Management Replies - Final.indd 132 19-08-2026 6:26:39 PM

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 2025

The preparation of consolidated Financial Statements of AI ASSETS HOLDING LIMITED for the year ended 31 March 2025 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 section143 read with Section129(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 09 June 2026.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of AI ASSETS HOLDING LIMITED for the year ended 31 March 2025 under section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of AI Engineering Services Limited, AI Airport Services Limited, Alliance Air Aviation Limited and Hotel Corporation of India Limited (subsidiaries) for the year ended on that 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/-
(Siddhartha Singh Longjam)
Addnl. Deputy Comptroller and Auditor General
(Infrastructure) New Delhi

Place: New Delhi
Dated: 30 July 2026

1 Management Replies - Final.indd 133 19-08-2026 6:26:39 PM

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

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, 2025, 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, 2025, 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.

Basis for Qualified Opinion

In respect of two of the subsidiaries viz AI Engineering Services Limited (AIESL) and Alliance Air Aviation Limited (AAAL) whose independent auditors have given qualified opinion vide AIESL Independent Auditor's Report dated 26th December, 2025 and AAAL Independent Auditor's Report 20th November, 2025 respectively. The Qualified Opinions are reproduced hereunder except the references made to the notes to the consolidated Ind AS financial statements instead of notes to the respective standalone financial statements of subsidiary companies:-

Sl No.	Qualifications
In case of AI Engineering Services Limited	
1.	**ERP systems, integration and access limitations**
	The Company operates two ERP systems, namely RAMCO (for MRO operations including materials management, inventory, work orders and billing) and SAP (for financial accounting). These systems are not fully integrated and the interface between RAMCO and SAP is not properly reconciled or mapped. During the course of audit, we were not provided direct access to the RAMCO system due to security and confidentiality restrictions. Data originating in RAMCO is migrated to SAP through automated interfaces, without adequate reconciliation controls. In the absence of direct system access, audit trails, system reports and reconciliation mechanisms, we are unable to assess the risk of material misstatement arising from information flows across systems. Both software lacks following: - documented controls - migration protocols - Internal control audit procedures governing the use of multiple systems. Consequently, we are unable to obtain sufficient audit evidence regarding the completeness, accuracy, valuation of transactions and balances relating to inventory, work-in-progress, work orders, consumption, unbilled revenue, billing and receivable /payable related financial statement line items. The possible effects of above matters, if any cannot be quantified hence we are unable to work out impact of above deficiency on the standalone financial statements for the year ending March'25.

1 Management Replies - Final.indd 134 19-08-2026 6:26:39 PM

2.	**Inventory valuation, existence and controls (Ind AS 2)**
	Inventory has been valued in the financial statements based on balances recorded in SAP. However, the following significant control deficiencies and non-compliances with Ind AS 2 were observed: (a) Aircraft-related inventory Rs.41.88 crore and Non Aircraft Inventory Rs. 2.41 crore Aircraft-related quantities and values are maintained in RAMCO, whereas non-aircraft inventory is maintained in SAP. Inventory balances as per RAMCO and SAP have following shortcomings/gaps detail as below:

(Amounts in Rs)

Inventory as per	Opening (01.04.2024)		During the year		Closing Balance (31.03.2025)	
			Debit/Receipts	Credit/Issues		
	Quantity	Value	Value	Value	Quantity	Value
RAMCO	4,27,008.62	77,55,46,936.50	99,91,35,984	-71,49,73,466	6,00,847.47	1,05,97,09,514.87
PHYSICAL VERIFCATION (Internally done by Stock keeper)					3,83,514.47	89,07,75,206.38
Add: Suspense					quantity not available	7,86,34,275.73
						96,94,09,482.11
Less Capitalized						
in 2022-23					quantity not available	-7,25,72,364.74
in 2023-24					"--do----"	-7,07,22,390.77
in 2024-25 : Out of Physical Verification					"--do----"	-34,93,37,620.30
in 2024-25					"--do----"	-5,79,66,020.99
					"--do----"	-55,05,98,396.80
Net physical value after capitalization					"--do----"	41,88,11,085.31
SAP * (only value Migrated from RAMCO)	quantity not available	68,39,58,784.58	6,10,20,26,668.70	5,86,94,95,364.78	quantity not available	41,87,90,812.17
Add : Non Air Craft Inventory (as per manually maintained no change since 2022-23 **	quantity not available	2,43,56,858.00			quantity not available	2,40,79,041.75
						44,28,69,853.92
Less : Provision		50,00,00,000.00				2,63,79,765.42
Net Balance		18,39,58,784.58				41,64,90,088.50

** Adjustment passed by AIESL on basis of office notes dated 8.8.2025 signed by CFO & CEO without approval of audit committee /board whereas as per company's Instruments of delegation of powers administrative and financial vests power with the board

*** Adjustment passed only on the basis of value without considering quantity difference. Quantity as per RAMCO is 600847.47 and Physical 383514.47. Moreover correction done in SAP Financial Figures and no correction entry passed in RAMCO in current year and earlier years also.

Inventory value as per RAMCO is Rs.105.97 crore, whereas balances as per SAP is Rs.72.80 crore (after net write-offs of Rs.41.88 crore) which is booked in a single ledger of non-aircraft inventory without classifying them in actual inventory ledgers, in financial statement also in inventory notes not classified correctly.

(a) (i) The Company had created a provision of Rs. 50 crore for inventory shortages in earlier years (FY 2023 and FY 2024), of which Rs. 16.44 crore was reversed during the current year through a single inventory account on the premise that certain inventory items represented fixed assets (tools) purchased during FY 2014 to FY 2023–24. Further, assets aggregating to Rs. 55.05 crore were capitalized from inventory based solely on values extracted from RAMCO without supporting documentary evidence. This is contrary to the basic principles of asset capitalization, which require inclusion of all directly attributable costs supported by documentation. We were unable to quantify the impact of these differences on the financial statements.

(ii) RAMCO Inventory reports have certain items which show **positive quantity but negative value or negative quantity with positive value and nil quantity with significant value or minimal value with significant quantity.**

1 Management Replies - Final.indd 135 19-08-2026 6:26:39 PM

RAMCO Inventory reports several items are marked as **unserviceable, customer-owned, tools, returnable/exchangeable, on loan or rent but their actual location and value/quantity not be verifiable.**

Movements in SAP / RAMCO systems appear incomplete, incorrectly updated, or not recorded leading to incomplete audit trail. For example - Non-Aircraft inventory maintained manually, - Domestic fixed assets (e.g., desktops) are **recorded via manual approvals, GEM portal orders, - Some manual work orders.**

More than 50000 number of inventory items, including low-value petty assets expensed amounting Rs. 2.89 crores below Rs.5,000, not physically verified. Many items have values below Rs.1 or Rs.2, and therefore the existence, completeness, and valuation of these items is not verifiable.

(b) Inventory valuation is stated to be on a weighted average basis as per accounting policy; however, supporting ERP reports and computation logic were not made available for verification.

(c) Physical verification of inventory revealed discrepancies between RAMCO reports, SAP reports and figures reported by the internal auditors. These differences remain unreconciled, and the inventory value recognised in the financial statements is not verifiable.

(d) Physical verification of inventory was Rs. 89.07 Cr across 161 warehouses supporting details including **quantities, UOM and part numbers were not available**. In addition, unverified Rs.7.86 Cr shops/in-transit without quantity/warehouse details making total of Rs. 96.94 Cr.

Physical verification was consolidated by AIESL on receiving email from various locations. We have not received mails of physical verification data from all warehouses. Moreover there was no common format for verification and has quantity mentioned with textual remarks (“available,” “partially available”, “not available”, “alternative available”) instead of numeric data which had chances of mistake in consolidating and bifurcating figures only from text. Cut-off dates were not consistently followed; some verification was conducted months before i.e. in February 2025 or **after 31 March 2025 i.e.** May or September 2025

Physical Verification sheet had RAMCO and Physical quantity with special mention of difference column but quantity difference was not correct e.g. even where RAMCO and physical quantity was same it shows difference.

RAMCO correct/complete data is not mentioned with physical quantity with condition (unserviceable”, assigned /attributed quantity) and status (Owned /Customer owned).

Differences are shown as net as shortage but there is quantity in short and also in excess.

(e) Assets capitalized from inventory aggregating to Rs. 55.05 crore during the year FY 2022-23 to 2024-25 which were related to as old as FY 2014–15 and lack individual asset-wise records, supporting documentation, accurate capitalisation dates and depreciation commencement dates. As a result, depreciation calculations could not be verified. Certain assets may have already completed their useful lives, and identification of untraceable items remains pending.

	Quantity	Value
Capitalized	**Quantity not available**	**-55,05,98,396.80**
in 2022-23		-7,25,72,364.74
in 2023-24		-7,07,22,390.77
in 2024-25 : Out of Physical Verification		-34,93,37,620.30
in 2024-25		-5,79,66,020.99

(f) The Company does not maintain proper records for goods in transit (domestic and import), inventory lying with third parties (within and outside India), third-party inventory lying with the Company, work-in-progress relating to open jobs and work orders, slow-moving, obsolete and unserviceable inventory, consumption / cost of goods consumed, and repair or job-work transactions under returnable challans.

1 Management Replies - Final.indd 136 19-08-2026 6:26:39 PM

(g) Non-aircraft inventory of Rs.2.41 crore is maintained manually outside the ERP system. These balances could not be verified and many items have remained unchanged for several years.

GL	Description	31.3.23	31.3.24	31.3.25
2211003230	Non Aircraft Inventory	63,80,006	63,80,006	-
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	5,52,589	59,03,347
2211003000	**Inflight & Hotel Items - Consumable**	**1,24,993**	**1,24,993**	**41,87,90,812**
2211003080	DIT Spares	1,58,902	1,58,902	-
2211003090	Commercial Stores	89,38,995	89,04,315	35,92,567
2211003100	Uniform Stores	79,31,025	79,31,025	1,24,41,049
2211003120	Printing&StatioStore	3,05,027	3,05,027	21,42,078
		2,43,91,538	2,43,56,858	44,28,69,854
	Less			**41,87,90,812**
	Net			**2,40,79,042**

Table below given as working source for the above notes

GL	GL description	Balance of BS	Maintain as per regional confirmation	Increase/Decrease
2211003100	Uniform Stores	79,31,025	1,24,41,049	45,10,024
2211003120	Printing&StatioStore	3,05,027	21,42,078	18,37,051
2211003090	Commercial Stores	89,04,315	35,92,567	-53,11,748
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	59,03,347	53,50,758
		1,76,92,956	**2,40,79,042**	**63,86,086**

Material balances including suspense accounts and GRIR balances migrated from RAMCO to SAP could not be independently verified due to non-availability of underlying records, limited system access and dependence on operational departments outside the control of the finance function.

3. Employee cost and payroll controls

Employee cost constitutes a significant portion of the Company's expenses. Attendance and leave records are maintained manually across various locations, despite availability of a payroll module in SAP. As per internal audit observations, employee strength as per HR records was 4,636, whereas salary for March 2025 was processed for 5,104 employees. Further, employee separations are not updated in the HR module on a real-time basis, creating a risk of salary processing post separation. These control weaknesses impact the accuracy and completeness of employee cost.

4. Supplier suspense, GRIR balances and write-backs

Transactions relating to goods and services received with invoices pending are reflected as supplier suspense in RAMCO and GRIR in SAP. These balances, being interim in nature, should ordinarily be nil or fully explained. However, multiple debit and credit balances have remained unadjusted for several years. The Company follows a practice of periodic net write-back of such balances, including debit balances. One specific debit balance of Rs. 7.87 crore relating to an overseas vendor (Hamilton Sundstrand) outstanding since FY 2020–21 was written back during the year without reconciliation, confirmation or supporting documentation. We were unable to verify the appropriateness and impact of such write-backs.

5. Restatement of prior period financial statements

The financial statements of several earlier years (FY 2019–20 to FY 2023–24) were restated due to identification of prior period errors. Further, certain financial years have been restated more than once, including: FY 2020–21, FY 2022–23, which was restated in more than one subsequent period. Additionally, during the current financial year FY 2024–25, comparative figures relating to FY 2023–24 and FY 2022–23 have been restated again. The recurring restatements have predominantly impacted items such as Other Financial Liabilities, Trade Payables (restated in each year), and Trade Receivables, Other Current Liabilities and Revenue in multiple years. Repeated errors of same nature across years indicate:

- Weak internal control,
- Deficient accounting systems,
- Lack of reliable financial reporting.

1 Management Replies - Final.indd 137 19-08-2026 6:26:39 PM

While Ind AS 8 (Para 5 & 42) permits correction of prior period errors upon identification, **Standards are principle-based**, not permission-based and clearly presumes: Errors are occasional; Errors arise due to oversight or mistake. It does not legitimize repetition .Multiple restatements of same balances over multiple years: Break comparability (IND AS 1) repeated restatement not acceptable as Financials would be perpetually provisional which is un-complied under SA 315, SA 330, SA 700 & SA 705. The repeated and recurring nature of restatements across multiple reporting periods and across key financial statement line items indicates deficiencies in the Company's accounting processes, systems and internal financial controls. Restatements were largely based on management adjustments rather than complete reconciliation, confirmation, physical verification or independent audit evidence, and year-on-year corrections and reversals continue, which is not consistent with the intent of Ind AS 8.

(Rs. in million)

Restatement from 2019-20	restated		restated	restated		restated		restated	restated		restated	
	In 24-25		In 24-25	In 23-24		In 22-23		In 22-23	In 21-22		In 20-21	
Particulars	31.3.24	31.3.24	31.3.23	31.3.23	31.3.23	31.3.22	31.3.22	31.3.21	31.3.21	31.3.21	31.3.20	31.3.20
(i) Property, Plant & Equipment						5,923.07	5,887.08	530.98		487.96		
i) Inventories						606.22	684.54	749.92		828.24		
a) Trade Receivables	12,900.27	12,764.27	8,424.91	8,315.66	8,166.44				12,799.78	12,531.10		
e) Other Financial Assets	40.72	25.12										
iii) Current Tax Assets						1,046.73	1,085.04	751.65		780.72		
iv) Other Current Assets						158.87	160.67	186.27		188.07		
ii) Other Equity	-6,851.83	-7,060.37	-9,235.85	-9,413.65	-9,566.87	-15,862.00	-15,481.79	-24,154.55	-23,921.58	-23,850.10	-23,969.50	-23,453.32
ii) Non-Current Provisions											7,070.30	6,554.09
Trade Payable - MSME											7.10	-
- Other than MSME	2,283.43	2,198.03	1,475.99	1,390.60	1,875.47	3,881.17	4,044.71	5,930.61		6,094.44	7,564.30	4,516.40
c) Other Financials Liability	812.49	954.83	600.03	757.97	648.16	767.36	613.51	19,371.58	19,340.82	19,072.20	31,940.00	31,954.50
ii) Current Provisions						1,376.70	1,369.11		2,668.03	2,596.60	2,840.00	3,107.25
iii) Other Current Liabilities			947.72		572.65	322.13	22.26	3,006.49		2,706.62	2,404.60	5,177.87
Revenue from Operations	20,906.57	20,879.83	19,792.49	19,683.24	19,534.02			11,589.49		11,600.19		
Other Income			837.14		764.59			430.90		255.24		
Depreciation and Amortization Expense						613.45	606.42	146.55		115.20		
Other Expenses						5,306.96	5,167.03	3,801.43	3,434.84	3,363.40		
Exceptional Items											516.20	-

6. Revenue recognition and unbilled revenue (Ind AS 115)

Revenue recognition, including unbilled revenue, provisions and subsequent billing adjustments, is dependent on operational data, work completion certifications and customer acceptance, Contract Completion milestone recorded in RAMCO like status of customer/work order, Job, Task with man hours and consumption, data/reconciliation of which is not available/verifiable and neither fully synchronized with SAP. Unbilled revenue is identified on basis of actual billing in next year June quarter which directly booked in customer and income same like actual billing instead of a provision GL which misinterpret or not show actual balances of customers and their advances. Advances from customer / customer debit balances will show NIL or with reduced but in actual have some balance which shows inconsistency and in clarity in revenue recognition policy. Actual position of Customer balances including advances cannot be verifiable in absence of balance confirmation.

Unbilled is also booked due to internal reason because of vendor certified invoice pending internally or completion certificate/customer acceptance. It is wrong practice and cannot be base for unbilled revenue.

Unbilled not recognized /booked timely like in last year due to Boeing loan order not accounted related to FY 2022-23 and Air India Rs. 33 crore credit notes and invoice related to Feb'22 to FY 2023-24 not booked in FY 2021-22 to 2023-24 unbilled booked and figures restated once highlighted by us.

Scrap billing of MK enterprises of September 2023 billed on 30.4.2025 of Rs. 0.21 crore where as payment received on 30.9.2023. Goods delivered on manual challan, there is gross violation of accounting treatment as adjustment entry passed through unbilled revenue account.

These are test cases and we are unable to quantify any such instances and amount.

These practices weaken controls over revenue recognition and may result in material misstatement of revenue, receivables and profit.

7. Write-back of liabilities

During the year, liabilities aggregating to Rs. 177.89 crore were written back as income, of which Rs. 120.83 crore was disclosed as exceptional items.

1 Management Replies - Final.indd 138 19-08-2026 6:26:39 PM

	These balances relate to vendors, employees and other parties and were written back based on management's assessment of limitation periods, without adequate evidence of cessation of obligation such as confirmations, correspondence, settlements or legal closure. Several balances related to Government / PSU entities, related parties and overseas vendors. Liabilities, income and profit for the year may therefore be materially misstated.
8.	**Capital work-in-progress – Nagpur Engine Overhaul Facility**
	Capital work-in-progress relating to the GEnx / GE90 Engine Overhaul Workshop at Nagpur amounting to Rs. 113 crore, transferred from Air India in April 2021, has remained suspended for over three years. No impairment assessment or recoverable value assessment has been carried out, and the carrying value remains unverified. Despite continued follow-up during the current audit cycle, sufficient appropriate audit evidence to conclusively verify and reconcile the above matters was not made available. These issues have persisted over multiple years, including periods prior to the Company's disinvestment, and remain unresolved as at the reporting date.

In case of Alliance Air Aviation Limited

1.	Internal control weaknesses regarding the maintenance and recording of the inventory: i. The Company identified shortages of Rs. 155.12 million during the year, attributed to delayed booking of inventory consumption. This reflects weaknesses in internal controls. While a provision has been made, potential material misstatements arising from these issues remain unadjusted in the financial statements. ii. Consumption of Rs. 188.60 million was recorded based on reports provided by management. However, due to persistent technical constraints in the inventory system-resulting in multiple conflicting reports for the same dates- the accuracy and completeness of this figure could not be verified. Though the differences were minimal, any necessary adjustments to profit/loss, inventory balances, or related disclosures are currently indeterminable. iii. The provision of Rs. 155.12 million was based on discrepancies between physical inventory and system records. Management is conducting a detailed reconciliation exercise across all locations, and the final impact of shortages or excess inventory is yet to be determined. iv. In FY 2023–24, the Company had conducted a comprehensive exercise to reconcile inventory and consumption by mapping purchases since Laminaar's inception and applying ROE-based adjustments. The impact of such adjustment was not substantial in FY 2023-24. However, the exercise was not repeated in FY 2024-25, and any differential impact remains un-quantified and un-accounted for in the current financial statements.

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. Material Uncertainty related to Going Concern

In case of AAAL, attention is drawn to Note No. 48 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. 6,233.60 million in the previous financial year and has continued incurring losses amounting to Rs. 6,829.39 million in the current financial year ended March 31, 2025, and

1 Management Replies - Final.indd 139 19-08-2026 6:26:39 PM

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 had received financial support from its holding company, during the previous financial year. This assistance, combined with other factors detailed in the note no. 48, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management.

4. Emphasis of Matter

We draw attention to the Emphasis of Matter reproduced hereunder except the references made to the notes to the consolidated Ind AS financial statements instead of notes to the respective standalone financial statements of subsidiary companies and the emphasis pertaining to the transactions eliminated on account of inter-company transactions within the group:-

A) In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated 24th October 2025.

(i) Note no. 3.3 and 23.i.e of the Consolidated Ind AS financial statements regarding the withheld amount of Rs. 318.35 million consisting of liquidated damages of Rs.282.96 million and TDS on GST from Air India Ltd. (AIL) of Rs.35.39 million against the recoverable amount of Rs. 2,657.43 from Defence Research & Development Organisation (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 AI Engineering Services Limited (AIESL) for deletion/waiver as aircraft was delivered within the extended date of delivery.

(ii) 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.

(iii) Note no. 3.5 of the Consolidated Ind AS financial statements regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2,820.51 million as on 31.03.2025 (Previous Year Rs. 2,689.08 million), AIL has indicated Rs. 94.19 million as amount payable to AIAHL by AIL (Previous Year Rs. 1,422.61 million, claimed as receivable by AIL).

(iv) Note no. 9. of the Consolidated Ind AS financial statements regarding assets received from the then AIL classified as “Assets included in disposal group held for sale”. The movable assets have been book transferred from the then AIL to AIAHL without any physical hand-over takeover. The company has further initiated the process to reconcile and correlate the assets reported as not found during the asset correlation exercise and the same is yet to be completed.

(v) Note no. 17.3 of the Consolidated Ind AS financial statements regarding Rs. 376.62 million towards liability transferred by the then AIL to the company on the basis of debit notes/credit notes only for which no supporting/ confirmation are available on record.

(vi) Note 32 of the Consolidated Ind AS financial statements regarding 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.

(vii) Note 41 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.

B) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor’s Report dated 26th December 2025.

(i) The Company has sought exemption from the provisions of Sections 149(4), 177 and 178 of the Companies Act, 2013 relating to appointment of Independent Directors and constitution of the Audit Committee and Nomination and Remuneration Committee, vide letter dated 01 September 2020 addressed to the Department of Public Enterprises. The response from the Department of Public Enterprises is awaited.

1 Management Replies - Final.indd 140 19-08-2026 6:26:39 PM

(ii) Identification of Micro, Small and Medium Enterprises (MSME) vendors and computation of interest payable under the MSME Development Act, 2006 is carried out manually, despite availability of system functionality in SAP, which is currently not operative. Consequently, the accuracy and completeness of MSME disclosures and interest computations could not be independently verified.

(iii) Trade receivable ageing has been prepared manually based on SAP-generated data. Customer accounts contain multiple debit and credit entries within the same ledger, and in the absence of a systematic process for balance confirmation from customers, the ageing and recoverability of trade receivables could not be independently verified.

(iv) The Company has taken land and premises on lease from Mumbai International Airport Limited (MIAL) and other airport operators, where lease agreements do not clearly determine the lease rentals and escalation mechanisms. During the year, the Company has written back lease-related liabilities aggregating to Rs. 31.88 crore pertaining to MIAL without making provision for lease expenses for the current year. Consequently, income for the year may be overstated to that extent. Further, provisions for expenses are adjusted directly through expense accounts instead of being maintained through separate provision accounts, and year-wise movement of provisions is not adequately disclosed.

(v) The Company has overseas establishments at Dubai and Kathmandu. Separate books of account are not maintained for these branches. For the Dubai branch, only bank statements are maintained by the Head Office, and for the Kathmandu branch, no separate bank account exists. Assets and liabilities of these overseas establishments have not been separately identified and disclosed.

(vi) Customer and vendor accounts contain both debit and credit balances in separate ledgers, and net balances are presented in the Balance Sheet as receivable or payable. In the absence of comprehensive party-wise reconciliation and confirmations, the accuracy, rights and obligations relating to such balances could not be independently verified.

(vii) The Company has not deducted tax at source while accounting for certain provisions for expenses. The impact of such non-compliance with Income-tax Act, 1961 could not be ascertained.

(viii) Interest payable or receivable on inter-company balances has been computed on an average balance basis instead of in accordance with the applicable Memorandum of Settlement / agreements with group entities. Moreover many agreements are still in name of Air India which needs to be changed to AIESL.

C) In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated 20th November, 2025.

(i) We invite attention to note no. 9.1(e)(iii) (iii) of the Consolidated Ind AS financial statements wherein the Company has stated that "A fire took place in CAMO office of AAAL on date April 23 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 has been affected in FY 2024-25."

(ii) We draw attention to note no. 52 of the Consolidated Ind AS financial statements, which describes that the Company has restated its financial statements for the year ended March 31, 2025, in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to correct a prior period error in respect of the accounting treatment of lease modifications relating to two aircrafts (MSN 1197 and MSN 1226) under Ind AS 116 Leases. In the financial year 2019-20, the lease term of each aircraft, originally 12 years expiring in FY 2026-27, was extended by four years up to FY 2030-31. The Company had, however, not accounted for the lease modification at the time of extension, and accordingly no adjustments had been made to the right-of-use assets, lease liabilities or related items in earlier periods. These errors have been identified and corrected and the comparative figures have been restated in the financial statements for the year ended March 31, 2025.

(iii) We draw attention to note no. 29 of the Consolidated Ind AS financial statements, 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 July 15 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. The accounting impact

1 Management Replies - Final.indd 141 19-08-2026 6:26:39 PM

for the period of January 2024 to March 2024 has already been taken in FY 2023-24 and the impact for the period from April 2024 to July 2024 has been taken in FY 2024-25.

D) In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor's Report dated 20th March, 2026.

(i) 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	Rs. in Million
1	Valuation of CLVH at Net Block as of 31.03.2022	60.70
2	Employee liability for the Govt. of J&K from 01.03.2023 onwards	175.80
3	Salary payments for workers	TDS
4	Total payable by UT of J&K	30.80

  - ➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/ BSF – Rs. 196.90 million on submission of further justification/ details.
  - ➢ UT of J&K needs further justification/ details/ documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- Rs. 126.10 million. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days.

(Refer note no. 47 of the Consolidated Ind AS financial statements)

Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2025 as reported in the financial statements 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 is subject to audit.

The Financial Statements consists of CLVH total assets of Rs. 652.11 million as at March 31, 2025 and total expenses of Rs. 50.94 million for the year on account of employee benefit expenses.

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

Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2025 as reported in the financial statements 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.

(ii) Inventory:

The Company's inventory records are not integrated with the accounting records and inventories are primarily supported by manual/ excel records. Further, the valuation of regularly consumed inventory has been determined at 50% of the cost of the closing inventory as at the year end, instead of being based on a systematic or standard valuation methodology.

1 Management Replies - Final.indd 142 19-08-2026 6:26:39 PM

(Refer note no. 9.1(f)(iv) of the Consolidated Ind AS financial statements)

(iii) 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. 32 of the Consolidated Ind AS 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 are 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.
- The agreed receivable from the Union Territory of J&K amounting to Rs. 267.3 million remained unrealised during the year. During the year, the Company processed certain transactions on behalf of CLVH, including gratuity payments of Rs. 8.67 million and provident fund payments of Rs. 9.81 million. In addition, the Company recognised a provision for wage revision arrears of Rs. 50.94 million and bank charges of Rs. 0.002 million during the year.
- Certain receivables from regular customers continue to be outstanding beyond the Company's credit policy. The Company's monitoring of recovery actions is primarily based on internal follow-ups, and receivables are generally identified as doubtful after remaining outstanding for more than 6 months. The provision created against such doubtful receivables is limited, and the eventual recovery of these balances will depend on the outcome of ongoing recovery efforts.

(iv) Amounts Payable:

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.

(Refer note no. 32 of the Consolidated Ind AS financial statements)

(v) Untraceable Employee Advance

An amount receivable from staff aggregating to 0.63 lakhs has been outstanding for more than five years. As informed by the management, the employees to whom these advances were granted are presently not traceable, and accordingly, recovery of these amounts may be uncertain. The management has, therefore, considered these balances as doubtful for recovery.

(vi) Loss/shortage of Property, Plant & Equipment

The records maintained for Property, Plant and Equipment are not updated on an item-wise and quantity-wise basis. As represented by the management, physical verification of Property, Plant and Equipment was last carried out during the financial year 2023-24, and the next physical verification is planned to be conducted during the financial year 2025-26.

(Refer note no. 9.1(e)(iv) of the Consolidated Ind AS financial statements)

(vii) Lease Rentals/Turnover Levy payable to AAI/MIAI/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. 23.i(i)(ix) of the Consolidated Ind AS financial statements).

(viii) Provision of Wage Revision of Differential Liability

The earlier wage agreement was expired on 31 December, 2006 and the union has submitted Charters

1 Management Replies - Final.indd 143 19-08-2026 6:26:39 PM

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 31.03.2025 is Rs. 202.29 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. 72.92 million as on 31.03.2025. 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.

(Refer note no.23.i(i)(x) and 33 of the Consolidated Ind AS financial statements)

(ix) 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.

(x) Non-Compliance of certain provisions of Companies Act

a. The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period.

b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board.

c. The above non-compliance was also reported by us in previous audit report dated 28th February, 2025 for financial year 2023-2024.

(xi) Internal Control System

a. Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company.

b. Laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 34 of the Consolidated Ind AS financial statements)

c. The above non-compliance was also reported by the previous auditor i.e., M/s Jain Jagawat Kamdar & Co. in their audit report dated 28th February, 2025 for financial year 2023-2024.

(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

The Company has incurred a net loss of Rs. 825.14 million during the year ended March 31, 2025 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 517.59 million and it has accumulated losses of Rs. 9,673.85 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. 48 of the Consolidated Ind AS financial statements)

1 Management Replies - Final.indd 144 19-08-2026 6:26:39 PM

(xiv) We draw attention to Note on Property Plant & Equipment, Right to Use an Asset and Statement of Changes in Equity of the standalone financial statements of HCIL, which describes the correction of a prior period error relating to the depreciation expense, Interest on Lease Liability, Amortization of Right to Use Asset, that had been incorrectly computed in the preceding financial years. During the current financial year (FY 2024-25), the Company has reassessed and corrected the depreciation charge, Interest on Lease Liability, Amortization of Right to Use Asset and the resulting impact has been adjusted in the opening balance of retained earnings in accordance with the applicable accounting standards.

(xv) The company has disclosed margin money deposits amounting to Rs. 0.44 million under the head "Bank balances other than Cash & Cash Equivalents" in its Standalone financial statements. As explained to us, these balances represent deposits maintained with banks against certain facilities. However, the company has not been able to provide complete supporting documents and confirmations for the said balances for the purpose of our audit verification. Therefore, in absence of the required documents we are unable to verify the same.

E) In respect of AI Airport Services Limited (Formerly known as Air India Air Transport Services Limited) (Subsidiary)- Vide their Auditor's Report dated 01st December, 2025.

(i) We draw attention to Note 33 to the Consolidated Ind AS financial statements, the Company had recognized a liability of Rs.1,411.45 million towards Post-Retirement Medical Benefit (PRMB), which arose pursuant to the demerger and pertains to employees transferred from Air India Limited to AI Airport Services Limited. As per the Management, the Company presently does not have any policy or obligation to extend such post-retirement medical benefits to its employees, and no actuarial valuation has been carried out during the year. The liability is being carried forward on a conservative basis.

(ii) We draw attention to Note 9.1(f)(ii) to the Consolidated Ind AS financial statements, the Company has inventories consisting of stores and spares gross amounting to Rs. 21.85 million (Provision of Rs 3.03 million has been made for obsolescence of such inventories). These inventories were transferred from Air India Limited and Air India Engineering Services Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company.

(iii) We draw attention to Note 32 to the Consolidated Ind AS financial statements, amounts receivables and payables to the various parties are subject to confirmation and reconciliation.

(iv) We draw attention to Note 38 to the Consolidated Ind AS financial statements regarding the temporary unavailability of the Company's ERP accounting software (Odoo), which was unilaterally suspended by M/s Uniq Data Solutions Private Limited (UDSPL) on 15th June, 2024. The Company has filed a suit against M/s UDSPL in this regard, and the matter is currently sub-judice. Consequently, during the financial year, the Company maintained its books of account manually in Excel. Subsequent to the year-end, all transactions were uploaded in bulk into the accounting ERP software (Tally), and the financial statements have been prepared based on the accounting records so compiled.

(v) We draw attention to Note 32 to the Consolidated Ind AS financial statements, during the course of our audit, while verifying the TDS returns against the books of account, we observed that certain mismatches between the TDS reported in the returns and the accounting records. The management has represented that the same is under reconciliation and no material adjustment is required for the current audit period.

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 Independent auditors reports issued/ communicated to us by respective auditors of the subsidiaries, reproduced by us except the references made to the notes to the consolidated Ind AS financial statements instead of notes to the respective standalone financial statements of subsidiary companies:-.

1 Management Replies - Final.indd 145 19-08-2026 6:26:39 PM

S. No.	Key Audit Matters	How Our Audit addressed the key audit matters
1.	**In respect of Holding Company,** **Transactions relating to disinvestment of Air India Limited** ***(refer note no. 3A 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: -	
	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.1,51,885.22 million were transferred by the then AIL till 31st March 2025 which represents the difference in the Net value of assets/liabilities/monetization arising from the Net funds transferred upto 31.3.2025 starting from the funds transferred upon AI disinvestment in FY 2021-22 of Rs.8,31,949.58 million and Rs.6,80,064.36 million Funds transferred to AIL over and above the assets/liabilities received. The company has accounted for the funds transferred to the then AIL over and above the assets/ liabilities amounting to Rs.6,80,064.36 million as separate line item under “Equity & Liabilities” as on 31st March 2025. 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 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.	**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 -	
	a. Grant in aid received from Govt. of India of Rs.8,181.80 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. 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. 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.8,181.80 million as Budgetary support / grant from the Government during the year which is fully utilized hence, accounted as “other income”.

1 Management Replies - Final.indd 146 19-08-2026 6:26:39 PM

		We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.
	b. Grant in aid received from Government of India of Rs.1,030 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. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 1,030 million to be utilized for the purpose of medical expenses of such retired and retiring employees. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.
	c. Grant in aid received from Government of India of Rs.1,590 million for tax indemnification matters of AIL and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.
3.	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.
	In respect of Subsidiary Company: **Hotel Corporation of India Limited**	
4.	**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 Government of India will ensure the company runs its business as going concern. Also, The Company has Catering Agreement with M/s Spicejet Limited valid up to 01.05.2030, Flight Handling services with Air India valid upto November 2026 and letting out the space for FHU operations at Mumbai for period upto March

1 Management Replies - Final.indd 147 19-08-2026 6:26:39 PM

		2031 which ensures that company will be able to run its business as going concern in near future. Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues. 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 phase wise for operationally essential matters, the company has obtained the ISO Certification and is in process to upgrade the present facilities. Refurbishment of the Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level is also under process. 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.
5.	**Contingent Liabilities:** ***(refer Note 23.i to the consolidated Ind AS financial statements)***	
	There are various litigations pending before various forums against the Company and management's judgment is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment 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: - understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgments and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewing the adequacy and completeness of disclosures. Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.

1 Management Replies - Final.indd 148 19-08-2026 6:26:39 PM

6.	**Uncertain Taxation Matter**	
	The Company has material uncertain tax matters under dispute which involves significant judgment 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. 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.
7.	**Other Matter**	
	Goods and Service Tax	The 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 the above case, 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:	
	AI Engineering Services Limited	
8.	**MSME vendor identification and interest computation**	
	As explained in the Emphasis of Matter, identification of MSME vendors and computation of interest payable is carried out manually. Given the volume of vendors and transactions, this area was considered a key audit matter due to the risk of non-compliance with statutory requirements and potential understatement of liabilities.	
9.	**Trade receivable ageing and recoverability**	
	Trade receivable ageing is prepared manually and customer accounts contain multiple debit and credit entries without systematic netting or confirmation. In the absence of customer confirmations, the recoverability and ageing of receivables involved significant management judgment and was therefore considered a key audit matter.	
10.	**Netting of debit and credit balances in customer and vendor ledgers**	
	Customer and vendor accounts reflect both debit and credit balances which are netted and presented as receivable or payable in the Balance Sheet. Due to lack of reconciliation and confirmations, the presentation and recoverability of such balances required significant audit attention and was therefore considered a key audit matter.	

1 Management Replies - Final.indd 149 19-08-2026 6:26:40 PM

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, 2025, 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)	30,164.43	(43.578.77)	8,213.52	(5.80)
AI Engineering Services Limited (AIESL)	31,225.84	(1,210.71)	19,460.50	1,485.29
Hotel Corporation of India (HCI)	945.67	(7,726.45)	463.61	14.87
AI Airport Services Ltd (AIASL)	12,119.10	4,624.79	10,037.05	306.89

(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.

(iii) We draw attention to Note No. 9.6 of the Consolidated Ind AS Financial Statements regarding the disinvestment plan of the subsidiary companies of AI Assets Holding Limited. Pursuant to the said disinvestment plan, the Group has presented the results and related assets and liabilities of these subsidiary companies as discontinued operations in the Consolidated Ind AS Financial Statements.

However, the respective subsidiary companies continue to operate as going concerns and have prepared their respective standalone financial statements on a going concern basis.

(iv) In case of subsidiary company, Hotel Corporation of India Limited, the standalone auditor has issued a revised independent auditor's report on 20th March, 2026 in supersession of their earlier independent auditor's report dated 26th December, 2025 at the instance of C&AG of India. The revised report is issued in view of certain modifications in 'Emphasis of Matter' para and 'Annexure-A' of the Independent Auditor's Report pertaining to regulatory requirements. However, these changes do not affect true and fair view and the auditor's opinion expressed earlier.

(v) <u>In respect of subsidiary company AI Engineering Services Limited</u>

A) TDS and Income-tax Matters

1. Pending Tax Demands and Penalty Proceedings

The Company is subject to multiple pending TDS demands relating to FY 2014-15 to FY 2018-19, arising mainly from alleged short / non-deduction, delay in deposit, delay in filing of TDS returns and non-issuance of TDS certificates. These demands originated pursuant to survey proceedings under Section 133A conducted on 17th March 2020.

2. Internal Controls over TDS Compliance

Tax-related controls, particularly relating to monitoring of threshold-based TDS applicability and foreign remittance compliance under Section 195, are largely manual in nature. Such controls increase the risk of errors, delays and non-compliance, especially in view of the Company's scale and volume of transactions.

3. Deduction of Tax under Multiple Sections

TDS under multiple sections (194C, 194J, 194I, 194Q and 195) deducted from same party cannot be

1 Management Replies - Final.indd 150 19-08-2026 6:26:40 PM

verified as per SAP records and management-provided details. While deduction under different sections for the same PAN is not prohibited per se, such practices elevate risk, particularly in light of historical demands under Section 201.

4. Use of Miscellaneous Party Ledger

A common "Miscellaneous Party" general ledger account is used for accounting one-time vendors, which reduces audit trail clarity and increases the risk of incorrect TDS classification and compliance gaps.

5. Non-receipt and Accounting of TDS Certificates (Form 16 / 16A) and Issuance of TDS Certificates by the Company

TDS certificates from customers were not received, maintained or reconciled on a periodic basis. Further, TDS receivable was not accounted for customer-wise during the year and was instead booked at year-end based on Form 26AS. In the absence of a defined cut-off mechanism and balance confirmations from customers, we were unable to determine the accuracy, completeness and period-wise recognition of TDS receivable and trade receivables, which may result in misstatement of assets and revenue to the extent.

No evidence or records were provided regarding timely issuance of Form 16 / Form 16A to vendors and employees for taxes deducted during the year. The continuation of similar deficiencies, which had earlier resulted in tax demands and penalty exposure, indicates persistent weaknesses in statutory compliance controls.

B) GST Matters: Complex GST Operations and Reconciliations

The Company operates through multiple GST registrations and undertakes high-value transactions involving complex GST compliance, including utilization of input tax credit (ITC), management of electronic ledgers and return reconciliations. Certain negative liability balances and unutilized credits were observed during the year. As explained by management, these arose due to timing differences, statutory utilization restrictions, credit note adjustments and prior-period reconciliations, and were monitored and adjusted in subsequent GST returns.

C) Presentation of Advances from Customers

Advances received from customers have been presented under "Trade Payables" in the balance sheet, based on management's assessment of their nature and expected settlement.

D) State bank of India OD account balance NIL as on 31.3.2025 secured under FD lien:

OD limit and utilization under borrowings and FD lien secured against OD under bank balances disclosure not shown in financial statement.

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. <u>Management responsibility for the Consolidated Ind AS Financial Statements</u>

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

1 Management Replies - Final.indd 151 19-08-2026 6:26:40 PM

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

1 Management Replies - Final.indd 152 19-08-2026 6:26:40 PM

we are the independent auditors. For the other entities included in the Consolidated Ind - AS Financial Statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

9. Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, as noted in the "Other Matter" paragraph, we give in the **Annexure – A**, a statement on the matters specified in paragraph 3(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

1 Management Replies - Final.indd 153 19-08-2026 6:26:40 PM

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, 2025 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, except as disclosed under note no. 4.2 and 9.5 of the consolidated Ind AS financial statements; 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 accounting software, namely TallyPrime, for maintaining its books of account for the financial year ended March 31, 2025. The software includes a feature for recording an audit trail (edit log), which was enabled and operated throughout the period for all relevant transactions recorded in the system. During the course of our examination, we did not come across any instances indicating that the audit trail feature had been tampered with.

However, no documentary evidence with respect to the IT General Controls (ITGC) relating to the use of the software has been made available for our verification. Further, the edit logs/audit trail are captured and preserved within the software itself and not separately on any external storage device.

Furthermore, 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

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:

1 Management Replies - Final.indd 154 19-08-2026 6:26:40 PM

(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 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

Qualification has been given as per point no. 1 of "Basis of Qualification" Para of the report:

- Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31st March 2025 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.

c. In respect of Hotel Corporation of India Limited

In accordance with the requirements of Section 128 of the Companies Act, 2013 and the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, which require the Company to maintain its books of account using accounting software having an enabled and non-disablable audit trail (edit log) feature, we report that the Company has implemented an audit trail facility in its accounting system with defined access controls and user-level restrictions.

Based on management representations and our examination, the audit trail functionality is in the process of being fully implemented and operationalized across all relevant modules of the accounting system. Management has represented that necessary system configurations are being fine-tuned and appropriate measures are being undertaken to ensure that the audit trail operates in a complete, accurate and tamper-proof manner and remains compliant with the requirements.

d. In respect of AI Airport Services Limited

Except for the matters stated in point no. vi of "Emphasis of Matter" read with Note 38 of the Consolidated Ind AS financial statements, based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the period of use for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Based on our examination, which included test checks, we did not come across any instance of the audit trail being tampered with, and the management has represented that the audit trail feature cannot be disabled. The Company has preserved the audit trail in accordance with statutory requirements for record retention subject to the fact that during the financial year, the Company maintained its books of account manually in Excel and subsequent to the year-end, all transactions were uploaded in bulk into the accounting ERP software (Tally).

For Kumar Mittal & Co.
Chartered Accountants
ICAI Firm Registration No. 010500N
Sd/-
(Rohtash Mohan)
Partner
M. No. 094292
UDIN: 26094292NUQAMW6674

Place: New Delhi
Date: 9th June 2026

1 Management Replies - Final.indd 155 19-08-2026 6:26:40 PM

ANNEXURE – A

Referred to in paragraph 1 under the heading Report on other legal and regulatory requirements of our Independent Auditor's 'Report of even date to the members of AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* on the Consolidated Ind – AS Financial Statements for the year ended 31st March, 2025

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 (the Group) are hereunder included in the Consolidated Ind – AS Financial Statements who have been subject to audit are:

Sr. No.	Name	CIN	Holding company/ subsidiary company	Clause number of the CARO report which is qualified or is adverse
1.	AI Assets Holding Limited	U74999DL2018GO1328865	Holding Company	(i) (a) (A) (i) (b) (i) (c) (iii) (b) (iii) (c) (iv) (xiv) (a) (xx)
2.	Alliance Air Aviation Limited	U51101DL1983GOI016518	Subsidiary Company	(ii) (a) (vii) (a) (vii) (b) (ix) (a) (xi) (a) (xi) (c) (xiv) (a)
3.	AI Airport Services Limited	U63090DL2003PLC120790	Subsidiary Company	(i) (b) (vii) (a) (vii) (b)
4.	AI Engineering Services Limited	U74210DL2004GOI125114	Subsidiary Company	(i) (a) (i) (i) (b) (i) (c) (ii) (a) (vii) (a) (vii) (b) (viii) (xiv) (a) (xiv) (b) (xix)

1 Management Replies - Final.indd 156 19-08-2026 6:26:40 PM

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

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

Sd/-
(Rohtash Mohan)
Partner
M. No. 094292
UDIN: 26094292NUQAMW6674

Place: New Delhi
Date: 9th June 2026

1 Management Replies - Final.indd 157 19-08-2026 6:26:40 PM

ANNEXURE – B

Referred to in Paragraph 2(f) under the Heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date to the members of AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* on the Consolidated Financial Statements for the year ended 31st March, 2025.

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, 2025 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. Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor's in terms of the reports referred to in the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to Consolidated Ind – AS Financial Statements of the Holding Company and its subsidiary companies.

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

A company's internal financial controls with reference to Consolidated Ind – AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind – AS Financial Statements includes those policies and procedures that

i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

1 Management Replies - Final.indd 158 19-08-2026 6:26:40 PM

ii) 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

iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

4. Inherent Limitations of Internal Financial Controls with reference to Consolidated Ind – AS Financial Statements

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

A) In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 26th December 2025 has identified the following weaknesses:

According to the information and explanations given to us and based on our audit, the following weaknesses have been identified as at March 31, 2025:

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) 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.

iii) The Company did not have effective system of reconciliation of balance with other parties.

iv) 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 20th March, 2026 has expressed qualified opinion

According to the information and explanations given to us, the Company has undergone a review of internal financial controls over financial reporting. Based on the report received and our audit procedures, the material weaknesses and significant deficiencies described in the section titled "Material Weaknesses" & "Significant deficiencies" respectively below have been identified in the Company's internal financial controls with reference to standalone financial statements as at 31 March 2025.

Because of the effects of these material weaknesses, the Company's internal financial controls with reference to standalone financial statements were not operating effectively as at 31 March 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the aforesaid Guidance Note issued by ICAI.

Material Weaknesses

According to the information and explanations given to us and based on our audit, the following material weaknesses

1 Management Replies - Final.indd 159 19-08-2026 6:26:40 PM

have been identified as at 31 March 2025 with regard to the Company's internal financial controls over financial reporting:

i. Lack of integration between PMS , POS, Inventory and Accounting systems.

ii. Non-confirmation/ non-reconciliation/ non-assessment of long outstanding debit and credit balances

iii. Manual maintenance of inventory records

iv. Insufficient provision for Doubtful receivables (Overstatement of Trade Receivables).

Significant Deficiencies

According to the information and explanations given to us and based on our audit, the following significant deficiencies have been identified as at 31st March 2025 with regard to the Company's internal financial controls over financial reporting:

(i) Non-recruitment of employees and lack of rotation of duties.

(ii) Non-continuous monitoring of key risks.

(iii) Lack of digital record maintenance and backup (weak IT environment.)

(iv) Credit Risk Management – Inadequate Credit Limit Monitoring and Debtor Review

A significant deficiency is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.

B. <u>In respect of AI Airport Services Limited (Subsidiary)- vide their Auditor's Report Dated 01st December, 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, 2025:

I. The Depreciation run is manual for FY 2024-25, despite the desired control being an automated process. This manual process increases the risk of error in financial statements.

II. There is currently no defined process for issuing a Goods Receipt Note (GRN) in the purchase order cycle. At present, the person receiving the goods only initials the Delivery Challan (DC) or Lorry Receipt (LR). The expected control is that the individual who raised the purchase requisition should not be authorized to issue the GRN. This indicates that a proper GRN process, which is an essential part of the purchase order system, is missing.

III. The Company is not keeping a manual inward register for import entries and is relying only on an Excel report, instead of recording entries in inward register after system approval.

IV. The ageing analysis of debtors is done on an annual basis, instead of the desired monthly basis review by management. This delays the identification of problematic debtors, impacting the accuracy of expected credit loss provisions and related financial reporting.

V. There is no defined month-end accounts reporting schedule. Information is shared only when requested by management, indicating the absence of a structured and timely financial reporting process.

VI. Budget Variance Reporting: The process for reporting and monitoring budgeted versus actual variances has not yet been implemented.

VII. Budget Preparation: Preparation of budgets, though based on half-yearly financials and regional inputs, has not been completed for the current year.

VIII. Variance Analysis: The mechanism for identifying and investigating variances between actual and budgeted results is yet to be established.

IX. Tolerance Levels: Management has not yet defined thresholds for acceptable variance levels, and abnormal variances are not being reviewed.

The following observations pertain to the previous financial year (FY 2023–24) and remain unresolved in current financial year.

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

1 Management Replies - Final.indd 160 19-08-2026 6:26:40 PM

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 fixed assets with the books of account can be further strengthened.

c. Timely reconciliations of certain significant accounts such as accounts receivables, accounts payables, statutory dues with returns and payroll balances are not done in an accurate manner.

d. 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. While creating new customer ledger, KYC Documents shared with the department are incomplete.

g. No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipments & Others)

h. Records of procurement of material by MMD are not fully automated and maintained manually.

i. Records of Ramp Assistance Form (RA Forms) issued are not fully automated and maintained manually. There are no records of the Ramp Assistance Form (RA Forms) for which invoices have not been issued. Such controls should be further strengthened.

C. <u>In respect of Alliance Air Aviation Limited (Subsidiary)- vide their Auditor's Report Dated 20th November, 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. The accounting impact for year ending March 2024 has already been taken in FY 2023-24, and the impact for April to July 2024 has been taken in FY 2024-25. 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 Rs.46.99 million from prior periods and an additional Rs.170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending and that the final report being awaited. Additionally, during the current year additional provision for shortage amounting to Rs.155.12 million was booked in the system owing to non-booking of consumption resulting into short booking of consumption. The exact reason for the said provision is pending to be identified and that

1 Management Replies - Final.indd 161 19-08-2026 6:26:40 PM

the same shall be accounted for subsequently based on the results of the investigation reports. 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.

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, Hotel Corporation of India Limited and 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 2025, 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 2025 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 subsidiary companies 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: 26094292NUQAMW6674

Place: New Delhi
Date : 9th June 2026

1 Management Replies - Final.indd 162 19-08-2026 6:26:40 PM

Management Replies to Independent Auditor's Report on Consolidated Financial Statement for FY 2024-25 of AI Assets Holding Limited GROUP COMPANIES

Sl. No.	Audit Observation	AIAHL Replies reproduced as per respective Management Replies provided to the Auditors observations in the SFS Annual Accounts
2.	**Basis for Qualified Opinion** In respect of two of the subsidiaries viz AI Engineering Services Limited (AIESL) and Alliance Air Aviation Limited (AAAL) whose independent auditors have given qualified opinion vide AIESL Independent Auditor's Report dated 26th December, 2025 and AAAL Independent Auditor's Report 20th November, 2025 respectively. The Qualified Opinions are reproduced hereunder except the references made to the notes to the consolidated Ind AS financial statements instead of notes to the respective standalone financial statements of subsidiary companies:	
In case of AI Engineering Services Limited		
1.	**ERP systems, integration and access limitations** The Company operates two ERP systems, namely RAMCO (for MRO operations including materials management, inventory, work orders and billing) and SAP (for financial accounting). These systems are not fully integrated and the interface between RAMCO and SAP is not properly reconciled or mapped. During the course of audit, we were not provided direct access to the RAMCO system due to security and confidentiality restrictions. Data originating in RAMCO is migrated to SAP through automated interfaces, without adequate reconciliation controls. In the absence of direct system access, audit trails, system reports and reconciliation mechanisms, we are unable to assess the risk of material misstatement arising from information flows across systems. Both software lacks following: - documented controls - migration protocols - Internal control audit procedures governing the use of multiple systems. Consequently, we are unable to obtain sufficient audit evidence regarding the completeness, accuracy, valuation of transactions and balances relating to inventory, work-in-progress, work orders, consumption, unbilled revenue, billing and receivable /payable related financial statement line items. The possible effects of above matters, if any cannot be quantified hence we are unable to work out impact of above deficiency on the standalone financial statements for the year ending March'25.	The Company has provided login credentials to the audit team for SAP and Audit team has mainly requested for providing data in excel or the format provided by them. Further, apart from this audit team has access to all company data and documents as well as to the departments concerned and all data and details have been provided/shown to them during their visits as well as to various emails. Remote access of RAMCO could not be provided to the auditors as the system contains confidential and sensitive data relating to the customers' airplanes, including IAF. However, transactional details, inventory list, work orders etc. as requested were provided. Further, the operation of the Company is widespread on PAN India basis hence source documents/details i.e. planning, procurement, materials management, inventory, production, work orders etc. of various transactions incurred by the stations are located over there. As the audit team had not visited the stations, scanned copies/emails etc. of the same have been provided to the extent possible. Further, w.r.t SAP & RAMCO automatic interface, as stated in the observation itself, basic data is captured in RAMCO & then flows to SAP through automatic interface and transaction incurred during the years has been properly recorded. There are legacy issues as the inventory was under the control of the then Holding Company (AIL) and after disinvestment control has been taken over by the Company and for the first time physical verification of Inventory has been done. Resultant adjustments in the books of accounts have been carried out and adequately disclosed wide note no. 5.1 of the notes to accounts. Further, all the details and data for the year 2024-25 have been provided to the audit team as per their requirements. Further all the related details such as purchases, revenue,

1 Management Replies - Final.indd 163 19-08-2026 6:26:40 PM

<table>
<tr><td></td><td></td><td>billings, including reconciliation between books of accounts and GST returns etc. have also been regularly filed through GST Returns, Income Tax, TDS Returns etc. The Company follows all the GoI guidelines, rules and regulations. Various stakeholders like C&AG, Income Tax Departments, GST Department etc. are doing audit of the company and the company has never received any notice etc. for non-availability of audit evidence to verify the completeness and accuracy of transactions.</td></tr>
<tr><td>2.</td><td>Inventory valuation, existence and controls (Ind AS 2)
Inventory has been valued in the financial statements based on balances recorded in SAP. However, the following significant control deficiencies and non-compliances with Ind AS 2 were observed:
(a) Aircraft-related inventory ₹41.88 crore and Non-Aircraft Inventory ₹2.41 crore
Aircraft-related quantities and values are maintained in RAMCO, whereas non-aircraft inventory is maintained in SAP. Inventory balances as per RAMCO and SAP have following shortcomings/gaps detail as below:
(Amounts in Rs)
<table>
<tr><th>Inventory as per</th><th colspan="2">Opening (01.04.2024)</th><th colspan="2">During the year</th><th colspan="2">Closing Balance (31.03.2025)</th></tr>
<tr><td></td><td></td><td></td><td>Debit/Receipts</td><td>Credit/Issues</td><td></td><td></td></tr>
<tr><td></td><td>Quantity</td><td>Value</td><td>Value</td><td>Value</td><td>Quantity</td><td>Value</td></tr>
<tr><td>RAMCO</td><td>4,27,008.62</td><td>77,55,46,936.50</td><td>99,91,35,984</td><td>-71,49,73,466</td><td>6,00,847.47</td><td>1,05,97,09,514.87</td></tr>
<tr><td>PHYSICAL VERIFCATION (Internally done by Stock keeper)</td><td></td><td></td><td></td><td></td><td>3,83,514.47</td><td>89,07,75,206.38</td></tr>
<tr><td>Add: Suspense</td><td></td><td></td><td></td><td></td><td>quantity not available</td><td>7,86,34,275.73</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>96,94,09,482.11</td></tr>
<tr><td>Less Capitalized</td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>in 2022-23</td><td></td><td></td><td></td><td></td><td>quantity not available</td><td>-7,25,72,364.74</td></tr>
<tr><td>in 2023-24</td><td></td><td></td><td></td><td></td><td>"--do---"</td><td>-7,07,22,390.77</td></tr>
<tr><td>in 2024-25: Out of Physical Verification</td><td></td><td></td><td></td><td></td><td>"--do---"</td><td>-34,93,37,620.30</td></tr>
<tr><td>in 2024-25</td><td></td><td></td><td></td><td></td><td>"--do---"</td><td>-5,79,66,020.99</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td>"--do---"</td><td>-55,05,98,396.80</td></tr>
<tr><td>Net physical value after capitalization</td><td></td><td></td><td></td><td></td><td>"--do---"</td><td>41,88,11,085.31</td></tr>
<tr><td>SAP * (only value Migrated from RAMCO</td><td>quantity not available</td><td>68,39,58,784.58</td><td>6,10,20,26,668.70</td><td>5,86,94,95,364.78</td><td>quantity not available</td><td>41,87,90,812.17</td></tr>
<tr><td>Add: Non Air Craft Inventory (as per manually maintained no change since 2022-23 **</td><td>quantity not available</td><td>2,43,56,858.00</td><td></td><td></td><td>quantity not available</td><td>2,40,79,041.75</td></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>44,28,69,853.92</td></tr>
<tr><td>Less: Provision</td><td></td><td>50,00,00,000.00</td><td></td><td></td><td></td><td>2,63,79,765.42</td></tr>
<tr><td>Net Balance</td><td></td><td>18,39,58,784.58</td><td></td><td></td><td></td><td>41,64,90,088.50</td></tr>
</table>
** Adjustment passed by AIESL on basis of office notes dated 8.8.2025 signed by CFO & CEO without approval of audit committee /board whereas as per company's Instruments of delegation of powers administrative and financial vests power with the board</td><td>a. Physical verification of Inventory of materials in the nature of stores and spares has been carried out by the Company during the year and value of the same has been established as ₹969.39 million. Further, the company has identified that out of ₹969.39 million, ₹ 50.60 million of tools are in the nature of Capital Items and the same has been capitalised during FY 2022-23 to FY 2024-25 at the purchase price or cost available in RAMCO.
Accordingly, the value of physically verified inventory (as derived from RAMCO) is ₹418.79 million as against the book value of inventory of ₹728.06 million. Hence, ₹309.27 million has been the difference between physical balances and book balances (418.79 million - 728.06 million). Accordingly, ₹309.27 million has been written off against the provision for ₹ 500.00 million which had been made for likely reduction in the value of inventory in the FY 2022-23. Further, ₹52.76 million inventory in shops/in transit is under verification. A provision of ₹ 26.38 Million, being 50% of ₹52.76 million, for likely shortage in the inventory under verification has been retained. Consequent to the above adjustments, amount of ₹164.35 million (i.e. ₹500.00 million less ₹309.27 million and ₹26.38 million) has been written back. The required adjustments for capitalization have been carried out at purchase price available in RAMCO (excluding incidental costs, if any) considering the fact that the number of items included were more than 10,000 procured over the period of several years. This fact has been appropriately disclosed vide note no.5.1 of the notes to accounts.</td></tr>
</table>

1 Management Replies - Final.indd 164 19-08-2026 6:26:40 PM

*** Adjustment passed only on the basis of value without considering quantity difference. Quantity as per RAMCO is 600847.47 and Physical 383514.47. Moreover correction done in SAP Financial Figures and no correction entry passed in RAMCO in current year and earlier years also.

Inventory value as per RAMCO is Rs.105.97 crore, whereas balances as per SAP is Rs.72.80 crore (after net write-offs of Rs.41.88 crore) which is booked in a single ledger of non-aircraft inventory without classifying them in actual inventory ledgers, in financial statement also in inventory notes not classified correctly.

NOTE "5": INVENTORIES

(Amounts in Rs)

Particulars	As at March 31, 2025	As at March 31, 2024	As at April 01, 2023
Stores and Spare Parts	43,69,66,506.92	1,74,24,262.12	1,74,58,942.12
Loose Tools	-	40,27,64,792.41	43,16,01,390.15
Fuel, Gas, Coal, Oil and lubricants	59,03,347.00	5,52,589.34	5,52,589.34
Non-Aircraft Inventory	-	63,80,006.11	63,80,006.11
Other Inventory	-	25,68,37,134.60	14,84,01,918.85
Total	**44,28,69,853.92**	**68,39,58,784.58**	**60,43,94,846.57**
Less: Provision for Inventory Reconciliation (Refer Note No. 5.i)	2,63,79,765.428	50,00,00,000.00	50,00,00,000.00
Total	**41,64,90,088.50**	**18,39,58,784.58**	**10,43,94,846.57**

a. (i) The Company had created a provision of Rs. 50 crore for inventory shortages in earlier years (FY 2023 and FY 2024), of which Rs. 16.44 crore was reversed during the current year through a single inventory account on the premise that certain inventory items represented fixed assets (tools) purchased during FY 2014 to FY 2023–24. Further, assets aggregating to Rs. 55.05 crore were capitalized from inventory based solely on values extracted from RAMCO without supporting documentary evidence. This is contrary to the basic principles of asset capitalization,
which require inclusion of all directly attributable costs supported by documentation. We were unable to quantify the impact of these differences on the financial statements.

Further, to take care of the potential shortage of inventory, a provision of Rs.500 million was made during the financial year 2022-23. The same had already been informed to the Audit Committee /Board of Directors while presenting the accounts for the year 2022-23 and 2023-24. The resultant adjustments during the current financial year have been made to regularize the actual shortage established during the current financial year. The adjustments have been made with the approval of the Chief Executive Officer (CEO) (who is the in charge for looking after the day today affairs of the company) based on the recommendations of the Chief Finance Officer (CFO) and Chief of Procurement (COP).

As per the existing Instrument of delegation of powers, there is no requirement of prior approval of the Audit Committee/Board of Directors.

Further, required accounting adjustments have been carried out for correct reporting of the transactions. However, for updating the Ramco records, some changes are required in the software which will be done in due course with simultaneous adjustments as required in SAP.

b. The Policy of the Company for the Inventories is “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.” The weighted average is calculated on the system itself. Sample cases for such valuation have also been provided to the auditors.

1 Management Replies - Final.indd 165 19-08-2026 6:26:40 PM

	(ii) RAMCO Inventory reports have certain items which show positive quantity but negative value or negative quantity with positive value and nil quantity with significant value or minimal value with significant quantity. RAMCO Inventory reports several items are marked as unserviceable, customer-owned, tools, returnable/exchangeable, on loan or rent but their actual location and value/quantity not be verifiable. Movements in SAP / RAMCO systems appear incomplete, incorrectly updated, or not recorded leading to incomplete audit trail. for example - Non-Aircraft inventory maintained manually, - Domestic fixed assets (e.g., desktops) are recorded via manual approvals, GEM portal orders, - Some manual work orders. More than 50000 number of inventory items, including low-value petty assets expensed amounting ₹ 2.89 crores below ₹5,000, not physically verified. Many items have values below ₹1 or ₹2, and therefore the existence, completeness, and valuation of these items is not verifiable. (b) Inventory valuation is stated to be on a weighted average basis as per accounting policy; however, supporting ERP reports and computation logic were not made available for verification. (c) Physical verification of inventory revealed discrepancies between RAMCO reports, SAP reports and figures reported by the internal auditors. These differences remain unreconciled, and the inventory value recognised in the financial statements is not verifiable. (d) Physical verification of inventory was ₹89.07 Cr across 161 warehouses supporting details including quantities, UOM and part numbers were not available. In addition, unverified ₹7.86 Cr shops/in-transit without quantity/warehouse details making total of ₹96.94 Cr. Physical verification was consolidated by AIESL on receiving email from various locations. We have not received mails of physical verification data from all warehouses. Moreover there was no common format for verification and has quantity mentioned with textual remarks ("available," "partially available", "not available", "alternative available") instead of numeric data which had chances of mistake in consolidating and bifurcating figures only from text. Cut-off dates were not consistently followed; some verification was conducted months before i.e. in February 2025 or after 31 March 2025 i.e. May or September 2025	c. Please refer our reply in "a" above i.e. Physical verification of Inventory of materials in the nature of stores and spares has been carried out by the Company during the year and value of the same has been established as ₹969.39 million. Further, the company has identified that out of ₹969.39 million, ₹550.60 million of tools are in the nature of Capital Items and the same has been capitalized during FY 2022-23 to FY 2024-25 at the purchase price or cost available in RAMCO. Accordingly, the value of physically verified inventory (as derived from RAMCO) is ₹418.79 million as against the book value of inventory of ₹728.06 million. Hence, ₹309.27 million has been derived as the difference between physical balances and book balances (₹418.79 million - ₹728.06 million). Accordingly, ₹309.27 million has been written-off against the provision for ₹500.00 million which had been made for likely reduction in the value of inventory in the FY 2022-23. Further, ₹52.76 million of inventory in shops/in transit is under verification. A provision of ₹26.38 million, being 50% of ₹52.76 million, for likely shortage in the inventory under verification has been retained. Consequent to the above adjustments, amount of ₹164.35 million (i.e. ₹500.00 million less ₹ 09.27 million and ₹26.38 million) has been written back. d. Proper records are maintained for all the items mentioned in observation i.e. Goods in Transit (Import/domestic), AIESL Inventory lying with third parties and Other Parties Inventory lying with AIESL (within and outside India), Work-in-Progress (open jobs / work orders) at hangars, repair shops and workstations. These records are maintained at floor shops, tools stores etc. Scan copy of some of them have been provided to the audit team. Further, w.r.t. system to monitor slow-moving, dead and unserviceable stock, consumption / Cost of goods consumed, Repair / job-work transactions under returnable challans etc. is maintained at every station, Department concerned, Shops etc. are having all such details like tools movement register, unserviceable tools list even the details of last service of the tools and next due. Such details have also been audited by DGCA from time to time. Accounting impact, if any, of Unserviceable/dead stock will be taken in the subsequent year on approval by the competent authority.

1 Management Replies - Final.indd 166 19-08-2026 6:26:40 PM

Physical Verification sheet had RAMCO and Physical quantity with special mention of difference column but quantity difference was not correct e.g. even where RAMCO and physical quantity was same it shows difference.

RAMCO correct/complete data is not mentioned with physical quantity with condition (unserviceable", assigned/attributed quantity) and status (Owned/Customer owned).

Differences are shown as net as shortage but there is quantity in short and also in excess.

(e) Assets capitalized from inventory aggregating to Rs. 55.05 crore during the year FY 2022-23 to 2024-25 which were related to as old as FY 2014–15 and lack individual asset-wise records, supporting documentation, accurate capitalisation dates and depreciation commencement dates. As a result, depreciation calculations could not be verified. Certain assets may have already completed their useful lives, and identification of untraceable items remains pending.

	Quantity	Value
Capitalized	Quantity not available	-55,05,98,396.80
in 2022-23		-7,25,72,364.74
in 2023-24		-7,07,22,390.77
in 2024-25: Out of Physical Verification		-34,93,37,620.30
in 2024-25		-5,79,66,020.99

(f) The Company does not maintain proper records for goods in transit (domestic and import), inventory lying with third parties (within and outside India), third-party inventory lying with the Company, work-in-progress relating to open jobs and work orders, slow-moving, obsolete and unserviceable inventory, consumption / cost of goods consumed, and repair or job-work transactions under returnable challans.

(g) Non-aircraft inventory of Rs.2.41 crore is maintained manually outside the ERP system. These balances could not be verified and many items have remained unchanged for several years.

e. ₹550.60 million of tools are in the nature of Capital Items and the same has been capitalized during FY 2022-23 to FY 2024-25 at the purchase price or cost available in RAMCO.

Further, the assets have been depreciated from the date the same has been procured/ entered in RAMCO and life has been taken as per Companies Act. Unidentified items have been written off as disclosed in note no5.1 of the notes to accounts.

All the details of depreciation along with calculation in excel sheet has also been provided to the audit team.

f. All the details along with note sheets etc. have been provided to the audit team during the audit. The company has carried out scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs including certain control ledger, GRIR accounts, security deposit from vendors etc. Accordingly suitable accounting adjustments have been made for non-moving items in GLs mainly due to erroneous adjustment/clearing or balances without any supporting documentation.

g. Non-aircraft materials of Rs. 2.41 crores represent inventory of Stationery, Uniforms, Fuel etc. for which manual records are maintained by storing locations spread across the stations. The amount of Rs. 2.41 crores represent the closing value of such materials. Earlier these items were charged to revenue. At the end of the year, the same has been reversed to the extent of the value of the closing balance.

1 Management Replies - Final.indd 167 19-08-2026 6:26:40 PM

GL	Description	31.3.23	31.3.24	31.3.25
2211003230	Non Aircraft Inventory	63,80,006	63,80,006	-
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	5,52,589	59,03,347
2211003000	**Inflight & Hotel Items - Consumable**	**1,24,993**	**1,24,993**	**41,87,90,812**
2211003080	DIT Spares	1,58,902	1,58,902	-
2211003090	Commercial Stores	89,38,995	89,04,315	35,92,567
2211003100	Uniform Stores	79,31,025	79,31,025	1,24,41,049
2211003120	Printing&StatioStore	3,05,027	3,05,027	21,42,078
		2,43,56,858	2,43,56,858	44,28,69,854
	Less			**41,87,90,812**
	Net			**2,40,79,042**

Table below given as working source for the above notes

GL	GL description	Balance of BS	Maintain as per regional confirmation	Increase/ Decrease
2211003100	Uniform Stores	79,31,025	1,24,41,049	45,10,024
2211003120	Printing & Statio Store	3,05,027	21,42,078	18,37,051
2211003090	Commercial Stores	89,04,315	35,92,567	-53,11,748
2211003040	Fuel, Gas, Coal, Oil and lubricants	5,52,589	59,03,347	53,50,758
		1,76,92,956	**2,40,79,042**	**63,86,086**

Material balances including suspense accounts and GRIR balances migrated from RAMCO to SAP could not be independently verified due to non-availability of underlying records, limited system access and dependence on operational departments outside the control of the finance function.

3. **Employee cost and payroll controls**

Employee cost constitutes a significant portion of the Company's expenses. Attendance and leave records are maintained manually across various locations, despite availability of a payroll module in SAP. As per internal audit observations, employee strength as per HR records was 4,636, whereas salary for March 2025 was processed for 5,104 employees. Further, employee separations are not updated in the HR module on a real-time basis, creating a risk of salary processing post separation. These control weaknesses impact the accuracy and completeness of employee cost.

As per Internal Audit report the figure provided by HR was 4646. It has further been clarified by CHRO that this figure did not include ROC employees and the total number as on 1st March was 5132 as against the salary sheet prepared for March 2025.

It is further added that the source of information for both HR and Finance is the same namely SAP.

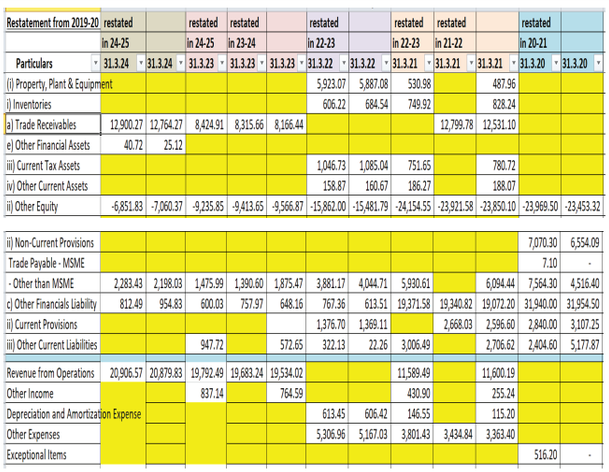
The difference between the two set of figures may be attributable to various reasons such as no salary for long absence etc.

Further, the Company is in the process of implementing Bio-matric attendance and integration of leave/absence/separation data with the payroll system for avoiding any such incidence.

1 Management Replies - Final.indd 168 19-08-2026 6:26:40 PM

4.	**Supplier suspense, GRIR balances and write-backs** Transactions relating to goods and services received with invoices pending are reflected as supplier suspense in RAMCO and GRIR in SAP. These balances, being interim in nature, should ordinarily be nil or fully explained. However, multiple debit and credit balances have remained unadjusted for several years. The Company follows a practice of periodic net write-back of such balances, including debit balances.One specific debit balance of ₹7.87 crore relating to an overseas vendor (Hamilton Sundstrand) outstanding since FY 2020–21 was written back during the year without reconciliation, confirmation or supporting documentation. We were unable to verify the appropriateness and impact of such write-backs.	All the details along with note sheets etc. have been provided to the audit team during the audit. The company has carried out scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs including certain control ledger, GRIR accounts, security deposit from vendors etc. Accordingly suitable accounting adjustments have been made for non-moving items in GLs mainly due to erroneous adjustment/clearing or balances without any supporting documentation including the debit balance of Rs.7.87 crores transferred from erstwhile AIL in 2020-21.
5.	**Restatement of prior period financial statements** The financial statements of several earlier years (FY 2019–20 to FY 2023–24) were restated due to identification of prior period errors. Further, certain financial years have been restated more than once, including: FY 2020–21, FY 2022–23, which was restated in more than one subsequent period. Additionally, during the current financial year FY 2024–25, comparative figures relating to FY 2023–24 and FY 2022–23 have been restated again. The recurring restatements have predominantly impacted items such as Other Financial Liabilities, Trade Payables (restated in each year), and Trade Receivables, Other Current Liabilities and Revenue in multiple years. Repeated errors of same nature across years indicate: • Weak internal control, • Deficient accounting systems, • Lack of reliable financial reporting. While Ind AS 8 (Para 5 & 42) permits correction of prior period errors upon identification, **Standards are principle-based**, not permission-based and clearly presumes: Errors are occasional; Errors arise due to oversight or mistake. It does not legitimize repetition. Multiple restatements of same balances over multiple years: Break comparability (IND AS 1) repeated restatement not acceptable as Financials would be perpetually provisional which is un-complied under SA 315, SA330, SA700 & SA705. The repeated and recurring nature of restatements across multiple reporting periods and across key financial statement line items indicates deficiencies in the Company's accounting processes, systems and internal financial controls. Restatements were largely based on management adjustments rather than complete reconciliation, confirmation, physical verification or independent audit evidence, and year-on-year corrections and reversals continue, which is not consistent with the intent of Ind AS 8.	IndAS – 8 *"Accounting Policies, Changes in Accounting Estimates and Errors"* doesn't envisage correction of errors as an exception and not as a recurring practice as stated in observation. It states that Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that: (a) was available when financial statements for those periods were approved for issue; and (b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud. And as mentioned in the observation itself that the underlying causes relating to legacy balances, reconciliation gaps, system limitations and control deficiencies continue to remain unresolved, impacting the reliability of opening balances for the current year and due to various legacy balances such correction has been done based on reconciliation and corrections have been done as per IndAS-8 by retrospective restatement by correcting the recognition, measurement and disclosure of amounts of elements of financial statements as if a prior period error had never occurred. Further as stated in the observation about para 5 & 42 of IndAS – 8. In this regard we would like to state that para – 5 is definition para of various terms used in IndAS and para – 42 states that

1 Management Replies - Final.indd 169 19-08-2026 6:26:41 PM

		Subject to paragraph 43, an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by:
		(a) restating the comparative amounts for the prior period(s) presented in which the error occurred; or (b) if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented. The company has restated the financials based on the above para itself. And as stated in above points as well that the company has carried out scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs including certain control ledger, GRIR accounts, security deposit from vendors etc. Accordingly suitable accounting adjustments have been made for non-moving items in GLs mainly due to erroneous adjustment/clearing or balances without any supporting documentation.
6.	Revenue recognition and unbilled revenue (Ind AS 115) Revenue recognition, including unbilled revenue, provisions and subsequent billing adjustments, is dependent on operational data, work completion certifications and customer acceptance, Contract Completion milestone recorded in RAMCO like status of customer/work order, Job, Task with man hours and consumption, data/reconciliation of which is not available/verifiable and neither fully synchronized with SAP. Unbilled revenue is identified on basis of actual billing in next year June quarter which directly booked in customer and income same like actual billing instead of a provision GL which misinterpret or not show actual balances of customers and their advances. Advances from customer / customer debit balances will show NIL or with reduced but in actual have some balance which shows inconsistency and in clarity in revenue recognition policy. Actual position of Customer balances including advances cannot be verifiable in absence of balance confirmation. Unbilled is also booked due to internal reason because of vendor certified invoice pending internally or completion certificate/customer acceptance. It is wrong practice and cannot be base for unbilled revenue. Unbilled not recognized /booked timely like in last year due to Boeing loan order not accounted related to 2022-23 and Air India 33 Crores credit notes and invoice related to Feb'22 to 2023-24 not booked in 2021-22 to 2023-24 unbilled booked and figures restated once highlighted by us.	The company has fully complied with IndAS – 115 for revenue recognition and for billing, GST law has also been complied with. Further, it is rightly said in the observation that revenue recognition, including unbilled revenue, provisions and subsequent billing adjustments, is dependent on operational data, work completion certifications and customer acceptance, Contract Completion milestone recorded in RAMCO like status of customer/work order, Job, Task with man hours and consumption, data/reconciliation. All the details along with note sheets etc. have been provided to the audit team during the audit and these details are mainly at the stations where work has been executed. Further, the company has already started compiling the quarterly accounts for a better view and understanding of the financial performance. Furthermore, all unbilled revenue has been accounted for in the books of accounts properly and disclosed vide note no. 6.1 at the end of March'25. The total unbilled receivables amounting to Rs. 93.05 crores as against Rs. 195.60 crores as on March'24. Complete reconciliation of the opening unbilled receivables and the closing unbilled receivables have been provided to the auditors.

1 Management Replies - Final.indd 170 19-08-2026 6:26:41 PM

	Scrap billing of MK enterprises of September 2023 billed on 30.4.2025 of Rs. 21.30 Lacs where as payment received on 30.9.2023. Goods delivered on manual challan, there is gross violation of accounting treatment as adjustment entry passed through unbilled revenue account. These are test cases and we are unable to quantify any such instances and amount. These practices weaken controls over revenue recognition and may result in material misstatement of revenue, receivables and profit.	Details of Ms.MK Enterprises, for scrap sales receipt of September 2023, was also included in the unbilled revenue details since the scrap billing got delayed due to late receipt of required billing details from the concerned user department. Since the GST invoice for this transaction was raised in April'2025, it was required to be included in unbilled revenue as at 31.03.2025. Thus, there was no violation of accounting treatment in passing the entry though unbilled revenue account.
7.	**Write-back of liabilities** During the year, liabilities aggregating to ₹177.89 crore were written back as income, of which ₹120.83 crore was disclosed as exceptional items. These balances relate to vendors, employees and other parties and were written back based on management's assessment of limitation periods, without adequate evidence of cessation of obligation such as confirmations, correspondence, settlements or legal closure. Several balances related to Government / PSU entities, related parties and overseas vendors. Liabilities, income and profit for the year may therefore be materially misstated.	As stated above also the company has done reconciliation/scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs, GLs pertaining to staffs' recoverable/ payables including certain control ledger, GRIR accounts, security deposit from vendors etc and found that these balances are mainly due to legacy transfer of entries from the then holding company (Air India Ltd. prior to disinvestment), long open line items in SAP without any demand/ claim from parties, non-movement of balances in GLs for more than three years, erroneous adjustment/clearing or balances without any supporting documentation for which the company has taken the accounting impact. Further, few control ledgers/GLs/Accounts are under process of reconciliation and the same will be completed in due course and accounting impact, if any, of the same arising out of the reconciliation will be taken on approvals from appropriate authority. Further, w.r.t. ₹120.83 crore was disclosed as exceptional items refer Note No – 27 "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.

1 Management Replies - Final.indd 171 19-08-2026 6:26:41 PM

		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 in FY 2023-24. After the negotiations with stake holders by the committee constituted by the MOCA, differential liability to the extent of ₹1,208.30 million has been written back.
8.	**Capital work-in-progress – Nagpur Engine Overhaul Facility** Capital work-in-progress relating to the GEnx / GE90 Engine Overhaul Workshop at Nagpur amounting to ₹113 crore, transferred from Air India in April 2021, has remained suspended for over three years. No impairment assessment or recoverable value assessment has been carried out, and the carrying value remains unverified. Despite continued follow-up during the current audit cycle, sufficient appropriate audit evidence to conclusively verify and reconcile the above matters was not made available. These issues have persisted over multiple years, including periods prior to the Company's disinvestment, and remain unresolved as at the reporting date.	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 favor 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 favor of AIESL hence no further capital expenditure for the subject work has been incurred so far. AIESL intends to complete the project after necessary tie-up with OEM and obtaining related additional regulatory clearances. This also required significant infusion of funds for which AIESL is in talks with potential fund provider. In the opinion of the management there is no erosion in the value of WIP as the same will be fully useful once the job is restarted.
In case of Alliance Air Aviation Limited		
	Internal control weaknesses regarding the maintenance and recording of the inventory: i. The Company identified shortages of Rs. 155.12 million during the year, attributed to delayed booking of inventory consumption. This reflects weaknesses in internal controls. While a provision has been made, potential material misstatements arising from these issues remain unadjusted in the financial statements.	Suitable disclosure has been made in Note No. 30 (b) in AAAL SFS Accounts. The reconciliation between system records and physical inventories has been initiated by the company which is expected to be completed within FY 2025-26.

1 Management Replies - Final.indd 172 19-08-2026 6:26:41 PM

	ii. Consumption of Rs. 188.60 million was recorded based on reports provided by management. However, due to persistent technical constraints in the inventory system-resulting in multiple conflicting reports for the same dates- the accuracy and completeness of this figure could not be verified. Though the differences were minimal, any necessary adjustments to profit/ loss, inventory balances, or related disclosures are currently indeterminable.	Suitable disclosure has been made in Note No. 30 (b) in AAAL SFS Accounts.
	iii. The provision of Rs. 155.12 million was based on discrepancies between physical inventory and system records. Management is conducting a detailed reconciliation exercise across all locations, and the final impact of shortages or excess inventory is yet to be determined. iv. In FY 2023–24, the Company had conducted a comprehensive exercise to reconcile inventory and consumption by mapping purchases since Laminaar's inception and applying ROE-based adjustments. The impact of such adjustment was not substantial in FY 2023-24. However, the exercise was not repeated in FY 2024-25, and any differential impact remains un-quantified and un-accounted for in the current financial statements.	Suitable disclosure has been made in Note No. 30 (b) in AAAL SFS Accounts. Suitable disclosure has been made in Note No. 30 (b) in AAAL SFS Accounts.
	The impact of above qualifications on Consolidated Ind - AS financial statements, if any, is not ascertainable.	
3.	**<u>Material Uncertainty related to Going Concern</u>** In case of AAAL, attention is drawn to Note No. 48 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. 6,233.60 million in the previous financial year and has continued incurring losses amounting to Rs. 6,829.39 million in the current financial year ended March 31, 2025, 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 had received financial support from its holding company, during the previous financial year. This assistance, combined with other factors detailed in the note no. 48, mitigates the uncertainty regarding the going concern assumption. Therefore, the financial statements have been prepared on the going concern basis as determined by management.	TSuitable disclosure has been made in Note No. 41 in AAAL SFS Accounts.

1 Management Replies - Final.indd 173 19-08-2026 6:26:41 PM

Management Replies to Emphasis of Matter:

Sl. No.	Audit Observation	AIAHL Replies reproduced as per respective Management Replies provided to the Auditors observations in the SFS Annual Accounts
4.	**Emphasis of Matter** We draw attention to the Emphasis of Matter reproduced hereunder except the references made to the notes to the consolidated Ind AS financial statements instead of notes to the respective standalone financial statements of subsidiary companies and the emphasis pertaining to the transactions eliminated on account of inter company transactions with in the graph.	
A	**In respect of AI Asset Holding Limited (Holding Company), Vide our Report on Standalone Financials Statements dated 24th October 2025**	
i.	Note no. 3.3 and 23.i.e of the Consolidated Ind AS financial statements regarding the withheld amount of Rs. 318.35 million consisting of liquidated damages of Rs.282.96 million and TDS on GST from Air India Ltd. (AIL) of Rs.35.39 million against the recoverable amount of Rs. 2,657.43 from Defence Research & Development Organisation (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 AI Engineering Services Limited (AIESL) for deletion/waiver as aircraft was delivered within the extended date of delivery	a. As detailed at Note 23.1.e., the company took up the matter of release of the withheld amount payable to AIAHL for the liquidated damages deductions as the aircraft was delivered within the extended date of delivery i.e 15th June 2023 and therefore liquidated damages should not be levied by DRDO. DRDO in their last communication informed vide their email dated 17th Sept 25 informed that the case is being processed for refund with CDA (R&D), Bengaluru for Rs.28,29,60,142. Accordingly, bank account details have been sent to DRDO vide AIAHL email dated 18th Sep 2025. b. As for the TDS on GST of Rs.35.39 million deducted by the DRDO on the invoice issued by Air India to DRDO, Air India, in their Statement of Account dated 7th August 2025 has reflected a credit to AIAHL for the same. In view of the foregoing developments, no liability provision for the receivables is required.
ii.	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 shown as recoverable from AI, which had been advised to AIL. In the meetings held on 17th April 2025 and 11th June 2025 between AIL, AIAHL, and AIESL, it was decided to review the matter mutually by AIL and AIESL. If any further adjustment is required, accounting impact by adjusting the “Other Equity” shall be given in the year the transaction is settled.
iii.	Note no. 3.5 of the Consolidated Ind AS financial statements regarding balance confirmation from Air India Ltd. (AIL), against the recoverable of Rs. 2,820.51 million as on 31.03.2025 (Previous Year Rs. 2,689.08 million), AIL has indicated Rs. 94.19 million as amount payable to AIAHL by AIL (Previous Year Rs. 1,422.61 million, claimed as receivable by AIL)	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 as on 31.3.25 to be adjusted from the Other Equity for want of credit/justification in support/ documents/ details required from AIL:-

1 Management Replies - Final.indd 174 19-08-2026 6:26:41 PM

		i. IATA funds receivable (Garnishment)- Rs.1370.25 million* **ii.** PSS (AMADEUS) - Rs. 309.61 million **iii.** Recovery towards 6 AircraftMaint- Rs 435.23 million **iv.** Revenue share of AIASL - Rs. 1115.99 million, *The IATA Garnishment funds received from Air India in July 2025 as disclosed at Note 3.6 and Recoverable from Air India adjusted accordingly.. In addition to above, 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) on AI issued GOI guaranteed NCDs is also required to be settled with AI. Besides, there is Rent Recoverable from AI for the areas occupied and used by AI post the disinvestment period. Against the above recoverables, mainly there is payable claim (net) of AI for medical expenditure incurred by AIL for AI retirees for Rs. 1,195.90 million, settlement of which shall be upon verification/checking of the claims with supporting documents provided by AI upon release of GOI grant funds for the said purpose sought from GOI in budgetary allocations. As disclosed at Note 3.5, for the above Recoverables from AIL, various meetings have been held on 17th April, 2025, 11th June 2025 and 12th Sept 25 between Air India and AIAHL officials and detailed point-wise discussion held for reconciliation. Air India is thus being pursued for discussing and settling each of the transactions, the effect of the outcome and reconciliation shall be effected during the FY 2025-26.
iv.	Note no. 9. of the Consolidated Ind AS financial statements regarding assets received from the then AIL classified as “Assets included in disposal group held for sale”. The movable assets have been book transferred from the then AIL to AIAHL without any physical hand-over takeover. The company has further initiated the process to reconcile and correlate the assets reported as not found during the asset correlation exercise and the same is yet to be completed	As disclosed in the footnote of Note 9, the movable assets were book transferred from the then AIL to AIAHL without any physical handover or takeover. The company appointed an external agency for the identification and tagging of the movable assets. The agency submitted their asset tagging list in the FY 2022-23. The company has further initiated the process to reconcile and correlate the assets reported as not found. Further, upon correlation, X-ray baggage machine, walkie-talkie, assets at foreign location etc. identified and it was decided in the meeting held on

1 Management Replies - Final.indd 175 19-08-2026 6:26:41 PM

		17th April, 2025 between AIL and AIAHL, that AIL to take back these ₹331.3 million worth of assets. Post this AI-AIAHL teams have held meetings to resolve the issues after which a necessary decision for issue of credit to AIAHL by AIL will be taken. For balance of un-identified/unreconciled assets appropriate accounting impact will be taken on approval. The final report is awaited. The Company has also initiated the process for the 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 the disposal group held for sale.
v.	Note no. 17.3 of the Consolidated Ind AS financial statements regarding Rs. 376.62 million towards liability transferred by the then AIL to the company on the basis of debit notes/credit notes only for which no supporting/ confirmation are 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 which included expenses payable to CIDCO towards beautification of the immovable property at Nerul Mumbai for which details are being sought/ followed up by the company from AI/CIDCO as disclosed at Note 17.3 read with Note 17.2 of the Notes. Further, upon receipt of these details and documents, appropriate action shall be taken.
vi.	Note 32 of the Consolidated Ind AS financial statements regarding 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	The key component of the total input GST balance is for the GST input debited by AI upon movable assets transfer upon AI disinvestment in FY 2022-23 against which 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 assistance/advise on the availment of the said ITC awaited for recording the reconciliation impact of these transactions.
vii.	Note 41 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	The Company is an SPV incorporated by GoI for the specific purpose of handling transactions arising out of the disinvestment of Air India, and as such, the company is not a commercial/business entity. The Government of India provides necessary funds required for servicing of the bonds i.e. payment of interest and repayment of principal through budgetary support to the extent of shortfall at the time of payment/repayment after taking into account the receipt in SPV escrow account from sale of identified assets of Air India, rentals, dividends/ revenue sharing from subsidiaries etc. realized till then in the budget of Ministry of Civil Aviation. In view of the foregoing facts, the Company had sent a request to the Ministry of Corporate Affairs, Govt of India, through the 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 the constitution of a Board CSR Committee.

1 Management Replies - Final.indd 176 19-08-2026 6:26:41 PM

		The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested the Ministry of Corporate Affairs to re-examine their decision for the exemption from CSR. The final decision is awaited. However, in order to comply with the provisions of the Companies Act 2013, the Company has constituted a CSR committee in the 58th Board meeting held on 21.11.2025. The expenditure towards CSR activities relating to earlier applicable years will be discussed and actioned accordingly.
B	**In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 26th December 2025.**	
i.	The Company has sought exemption from the provisions of Sections 149(4), 177 and 178 of the Companies Act, 2013 relating to appointment of Independent Directors and constitution of the Audit Committee and Nomination and Remuneration Committee, vide letter dated 01 September 2020 addressed to the Department of Public Enterprises. The response from the Department of Public Enterprises is awaited	This is statement of fact and the same has been disclosed in Note No. 34. AIESL-SFS.
ii.	Identification of Micro, Small and Medium Enterprises (MSME) vendors and computation of interest payable under the MSME Development Act, 2006 is carried out manually, despite availability of system functionality in SAP, which is currently not operative. Consequently, the accuracy and completeness of MSME disclosures and interest computations could not be independently verified	MSME interest has been calculated as per relevant law and calculation sheet has also been provided to the auditor for verification and payment to MSME vendors can be verified from SAP and Bank statements.
iii.	Trade receivable ageing has been prepared manually based on SAP-generated data. Customer accounts contain multiple debit and credit entries within the same ledger, and in the absence of a systematic process for balance confirmation from customers, the ageing and recoverability of trade receivables could not be independently verified	The Company has provided the detailed report of ageing generated in SAP. Further, the Debit and Credit balances have been knocked off to arrive at the correct receivable and related ageing. Further, 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.
iv.	The Company has taken land and premises on lease from Mumbai International Airport Limited (MIAL) and other airport operators, where lease agreements do not clearly determine the lease rentals and escalation mechanisms. During the year, the Company has written back lease-related liabilities aggregating to Rs. 31.88 crore pertaining to MIAL without making provision for lease expenses for the current year. Consequently, income for the year may be overstated to that extent.	The company has made provision of ₹318.80 million in FY 2022-23 towards MIAL rental increase for the land parcel occupied by the Company based on draft agreement provided by the MIAL with increase in rent as the company was inclined to accept the increased rents. Further, as no finality on the subject could be reached between the parties hence no provision has been created for the increase rate in FY 2023-24 and since MIAL is continued to bill as per the old rates in the current financial year hence the provision created in the FY 2022-23 for ₹318.80 million has been written back. In this regard it is also added

1 Management Replies - Final.indd 177 19-08-2026 6:26:41 PM

	Further, provisions for expenses are adjusted directly through expense accounts instead of being maintained through separate provision accounts, and year-wise movement of provisions is not adequately disclosed	**i.** at present there is no agreement between AIESL and MIAL **ii.** AIESL has been paying as per the invoices raised by the MIAL. **iii.** neither of the parties has initiated any legal action.
v.	The Company has overseas establishments at Dubai and Kathmandu. Separate books of account are not maintained for these branches. For the Dubai branch, only bank statements are maintained by the Head Office, and for the Kathmandu branch, no separate bank account exists. Assets and liabilities of these overseas establishments have not been separately identified and disclosed	All transactions relating to Kathmandu have been accounted for directly at AIESL HQ itself. All transaction relating to Dubai have been accounted for at AIESL HQ based on all the details relating to income& expenses obtained from Dubai.
vi.	Customer and vendor accounts contain both debit and credit balances in separate ledgers, and net balances are presented in the Balance Sheet as receivable or payable. In the absence of comprehensive party-wise reconciliation and confirmations, the accuracy, rights and obligations relating to such balances could not be independently verified	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.
vii.	The Company has not deducted tax at source while accounting for certain provisions for expenses. The impact of such non-compliance with Income-tax Act, 1961 could not be ascertained	As per various Court Judgement i.e. in UCO Bank v. Union of India[2014] 369 ITR 335/51 taxmann.com 253/ [2015] 228 Taxman 141 clearly held as follows: When a general provision is made without crediting the interest to the accounts of identifiable payees, the credit of interest to such account is not a credit to an account of a person who is liable to be assessed to tax. In this view, the petitioner would have no obligation to deduct tax, because at the time of credit there is no person assessable in respect of that income which may be represented by the interest accrued/paid in respect of the deposits. The words "credit of such income to the account of the payee" occurring in Section 194A of the Act have to be ascribed a meaning in conformity with the scheme of the Act and that would necessarily imply that deduction of tax bears nexus with the income of an assesse. Further as per various Courts' judgement for deduction of TDS the identity of the ultimate beneficiary (payee) and the precise amount payable to the payee are the prerequisites to press the TDS provisions into service. In other words, if no income is attributable to the identifiable payee, there is no liability to deduct tax at source in the hands of the tax deductor. Further, in various cases where the company has identified the payee in that case TDS has been deducted on provisions.

1 Management Replies - Final.indd 178 19-08-2026 6:26:41 PM

viii.	Interest payable or receivable on inter-company balances has been computed on an average balance basis instead of in accordance with the applicable Memorandum of Settlement / agreements with group entities. Moreover many agreements are still in name of Air India which needs to be changed to AIESL	As per the decision taken by the top management of the 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 March -2022 itself.
C	**In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated 20th November, 2025**	
i.	We invite attention to note no. 9.1(e)(iii) (iii) of the Consolidated Ind AS financial statements wherein the Company has stated that "A fire took place in CAMO office of AAAL on date April 23 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 has been affected in FY 2024-25."	Suitable disclosure has been made in Note No. 30 (a) of AAAL SFS Annual Accounts.
ii.	We draw attention to note no. 52 of the Consolidated Ind AS financial statements, which describes that the Company has restated its financial statements for the year ended March 31, 2025, in accordance with Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors, to correct a prior period error in respect of the accounting treatment of lease modifications relating to two aircrafts (MSN 1197 and MSN 1226) under Ind AS 116 Leases. In the financial year 2019-20, the lease term of each aircraft, originally 12 years expiring in FY 2026-27, was extended by four years up to FY 2030-31. The Company had, however, not accounted for the lease modification at the time of extension, and accordingly no adjustments had been made to the right-of-use assets, lease liabilities or related items in earlier periods. These errors have been identified and corrected and the comparative figures have been restated in the financial statements for the year ended March 31, 2025	This is a statement of fact. Suitable disclosure has been made in Note No. 51 of AAAL SFS Annual Accounts.
iii.	We draw attention to note no. 29 of the Consolidated Ind AS financial statements, 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 July 15 2024. The matter is currently under investigation by the Vigilance Department, and the final report is awaited.	This is a statement of fact. Suitable disclosure has been made in Note No. 33 of AAAL SFS Annual Accounts.

1 Management Replies - Final.indd 179 19-08-2026 6:26:41 PM

<table>
<tr><td></td><td>No conclusions can be drawn until the Vigilance Department submits its findings. The accounting impact for the period of January 2024 to March 2024 has already been taken in FY 2023-24 and the impact for the period from April 2024 to July 2024 has been taken in FY 2024-25</td><td></td></tr>
<tr><td>D</td><td colspan="2">In respect of Hotel Corporation of India Limited (Subsidiary)- Vide their Auditor’s Report dated 20th March, 2026.</td></tr>
<tr><td>i.</td><td>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:
<table>
<tr><th>Sr. No.</th><th>Particulars</th><th>Rs. in Million</th></tr>
<tr><td>I.</td><td>Valuation of CLVH at Net Block as of 31.03.2022</td><td>60.70</td></tr>
<tr><td>2.</td><td>Employee liability for the Govt. of J&K from 01.03.2023 onwards</td><td>175.80</td></tr>
<tr><td>3.</td><td>Salary payments for workers (March-June 2023)</td><td>30.80</td></tr>
<tr><td></td><td>Total payable by UT of J&K (Agreed Liabilities)</td><td>267.30</td></tr>
</table></td><td>As per the AMRD resolution plan communicated on July 17, 2023, the CLVH hotel stands transferred to the Government of UT of J&K.

UT of J&K also absorbed 145 employees of HCIL working at CLVH.

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

Despite repeated reminders the payments have not been released by the J&K Government. HCI has filed an execution petition in the Hon’ble High court of Srinagar for recovery of the amounts in terms of the AMRD order.</td></tr>
</table>

1 Management Replies - Final.indd 180 19-08-2026 6:26:41 PM

	➢ UT of J&K would further examine the claims of HCI with regard to the revision of rates for CRPF/BSF – Rs. 196.90 million on submission of further justification/ details. ➢ UT of J&K needs further justification/ details/ documentation for examining the claim of HCI for cost sharing of expenses as on 31.03.2022- Rs. 126.10 million. On such provision by HCI, the UT of J&K will examine and settle the claims within 45 days. (Refer note no. 47 of the Consolidated Ind AS financial statements) *Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2025 as reported in the financial statements obtained from the Books of Accounts made available by the*	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 and documents available at Centaur Hotel New Delhi were produced and submitted for Audit. In respect of leave encashment expenses and Provision for Sick leave liability and provision for privilege leave liability it is submitted that as per AMRD order all the serving employees of HCI were absorbed by the 3 companies of UT of J&K, their leave records etc. have also been transferred to the respective companies. There are no employees on the rolls of HCI under the CLVH unit as on 31.03.2025, accordingly the provision for such leave has not been made at HCI end.
	Management without any supporting documents/ details and hence the relevant financial year figures has only been reviewed and is subject to audit. *The Financial Statements consists of CLVH total assets of Rs. 652.11 million as at March 31, 2025 and total expenses of Rs. 50.94 million for the year on account of employee benefit expenses.* *The financial information of this unit was produced by the management hence we are unable to ascertain the impact thereof in the standalone financial statements.* *Attention is drawn to the fact that the figures of CLVH for the year ended March 31, 2025 as reported in the financial statements 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*	
ii.	**Inventory:**	
	The Company's inventory records are not integrated with the accounting records and inventories are primarily supported by manual/ excel records. Further, the valuation of regularly consumed inventory has been determined at 50% of the cost of the closing inventory as at the year end, instead of being based on a systematic or standard valuation methodology. (Refer note no. 9.1(f)(iv) 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 and implemented for Revenue billing. Implementation of the same for Inventory is under process and is expected to be completed shortly. 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 includes consumables and F&B items, these items are perishable in nature and not tradable, hence the closing stock based on Physical Verification at the end of the year are valued considering an estimated NRV of 50% of the cost, as it is not possible to ascertain

1 Management Replies - Final.indd 181 19-08-2026 6:26:41 PM

		the net realizable value for each such item. This has been the consistent policy of the company which is continued over the years.
iii.	**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. 32 of the Consolidated Ind AS 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. 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 item are 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. • The agreed receivable from the Union Territory of J&K amounting to Rs. 267.3 million remained unrealised during the year. During the year, the Company processed certain transactions on behalf of CLVH, including gratuity payments of Rs. 8.67 million and provident fund payments of Rs. 9.81 million. In addition, the Company recognised a provision for wage revision arrears of Rs. 50.94 million and bank charges of Rs. 0.002 million during the year. • Certain receivables from regular customers continue to be outstanding beyond the Company's credit policy. The Company's monitoring of recovery actions is primarily based on internal follow-ups, and receivables are generally identified as doubtful after remaining outstanding for more than 6 months. The provision created against such doubtful receivables is limited, and the eventual recovery of these balances will depend on the outcome of ongoing recovery efforts	Further, HCI has also filed an execution petition in the Hon'ble High court of Srinagar for recovery of the amount receivable in terms of the AMRD order. The company is following up regularly with the Customers for realization of the dues, because of the efforts the receivables are realized with in the credit period for all the current and ongoing customers, the old outstanding dues mainly include the amounts receivable from the Government of UT of J&K as per the AMRD order. HCI has filed an execution petition in the Hon'ble High court of Srinagar for recovery of the amount receivable in terms of the AMRD order.

1 Management Replies - Final.indd 182 19-08-2026 6:26:41 PM

iv.	**Amounts Payable:** 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 (Refer note no. 32 of the Consolidated Ind AS financial statements)	The Company has sent emails/letters for confirmation of balances to all the vendors. Responses have been received from the parties and all the major accounts are reconciled. The balances shown in the accounts are as per such confirmations/reconciliations accordingly the same have been considered undisputable.
v.	**Untraceable Employee Advance** An amount receivable from staff aggregating to 0.63 lakhs has been outstanding for more than five years. As informed by the management, the employees to whom these advances were granted are presently not traceable, and accordingly, recovery of these amounts may be uncertain. The management has, therefore, considered these balances as doubtful for recovery	The old records are being scrutinized and the details of such employees are being retrieved so that the employees could be identified and amounts recovered. However, the amounts have been considered doubtful for recovery in the books of accounts.
vi.	**Loss/shortage of Property, Plant & Equipment** The records maintained for Property, Plant and Equipment are not updated on an item-wise and quantity-wise basis. As represented by the management, physical verification of Property, Plant and Equipment was last carried out during the financial year 2023-24, and the next physical verification is planned to be conducted during the financial year 2025-26 (Refer note no. 9.1(e)(iv) of the Consolidated Ind AS financial statements)	As per the policy of the company the Physical Verification of PPE shall be conducted once in two years. The last Physical verification was conducted during the year 2023-24. The physical verification of the Property Plant and Equipment is scheduled to be conducted during the year 2025-26. the required details including the item-wise quantity-wise details shall be updated accordingly.
vii.	**Lease Rentals/Turnover Levy payable to AAI/ MIAI/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. 23.i(i)(ix) of the Consolidated Ind AS financial statements)	In view of the disputes raised with AAI, interest is being disclosed under Contingent Liability.

1 Management Replies - Final.indd 183 19-08-2026 6:26:41 PM

viii.	**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 31.03.2025 is Rs. 202.29 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. 72.92 million as on 31.03.2025. 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. (Refer note no.23.i(i)(x) and 33 of the Consolidated Ind AS financial statements)	Statement of fact
ix.	**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	Legal Expenses, interest and other cost will be booked as and when such costs are ascertained.
x.	**Non-Compliance of certain provisions of Companies Act** **a.** The Company has not appointed Independent Directors as required under the provisions of Section 149(4) of the Companies Act, 2013 read with Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and hence, no meeting of the Independent Directors could be held during the Audit Period	Independent Directors have not been appointed.

1 Management Replies - Final.indd 184 19-08-2026 6:26:41 PM

	b. Since the Company has not appointed Independent Directors, the Company has not complied with the provisions of Section 177(2) and Section 178 of the Companies Act, 2013 read with Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 as regards the composition of the Audit Committee and the Nomination and Remuneration Committee of the Board **c.** The above non-compliance was also reported by us in previous audit report dated 28th February, 2025 for financial year 2023-2024	
xi.	**Internal Control System** **a.** Strengthening the internal audit process so as to ensure adequate coverage of all the areas and ensure effective internal controls at all units of the Company **b.** Laying down Standard Operating Procedures with regard to operational control and real-time accounting of all transactions to ensure that proper books of accounts are maintained. (Refer note no. 34 of the Consolidated Ind AS financial statements) **c.** The above non-compliance was also reported by the previous auditor i.e., M/s Jain Jagawat Kamdar & Co. in their audit report dated 28th February, 2025 for financial year 2023-2024	Noted
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	Statement of Fact
xiii.	**Going Concern** The Company has incurred a net loss of Rs. 825.14 million during the year ended March 31, 2025 and, as of that date, the Company's current liabilities exceeds its total assets by Rs. 517.59 million and it has accumulated losses of Rs. 9,673.85 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. 48 of the Consolidated Ind AS financial statements)	Noted

1 Management Replies - Final.indd 185 19-08-2026 6:26:41 PM

xiv.	We draw attention to Note on Property Plant & Equipment, Right to Use an Asset and Statement of Changes in Equity of the standalone financial statements of HCIL, which describes the correction of a prior period error relating to the depreciation expense, Interest on Lease Liability, Amortization of Right to Use Asset, that had been incorrectly computed in the preceding financial years. During the current financial year (FY 2024-25), the Company has reassessed and corrected the depreciation charge, Interest on Lease Liability, Amortization of Right to Use Asset and the resulting impact has been adjusted in the opening balance of retained earnings in accordance with the applicable accounting standards	Statement of fact
xv.	The company has disclosed margin money deposits amounting to Rs. 0.44 million under the head "Bank balances other than Cash & Cash Equivalents" in its Standalone financial statements. As explained to us, these balances represent deposits maintained with banks against certain facilities. However, the company has not been able to provide complete supporting documents and confirmations for the said balances for the purpose of our audit verification. Therefore, in absence of the required documents we are unable to verify the same	The relevant supporting documents are being traced and the reconciliations /confirmations or appropriate accounting action shall be carried out accordingly.
C	**In respect of Alliance Air Aviation Limited (Formerly known as Airline Allied Services Limited) (Subsidiary) - Vide their Auditor's Report dated 20th November, 2025**	
i.	We draw attention to Note 33 to the Consolidated Ind AS financial statements, the Company had recognized a liability of Rs.1,411.45 million towards Post-Retirement Medical Benefit (PRMB), which arose pursuant to the demerger and pertains to employees transferred from Air India Limited to AI Airport Services Limited. As per the Management, the Company presently does not have any policy or obligation to extend such post-retirement medical benefits to its employees, and no actuarial valuation has been carried out during the year. The liability is being carried forward on a conservative basis	This is a statement of fact. However, in FY 2025-26, we will further analyze it and will take further action.
ii.	We draw attention to Note 9.1(f)(ii) to the Consolidated Ind AS financial statements, the Company has inventories consisting of stores and spares gross amounting to Rs. 21.85 million (Provision of Rs 3.03 million has been made for obsolescence of such inventories). These inventories were transferred from Air India Limited and Air India Engineering Services Limited, which are not used for more than three years. We have relied on the management contention that such inventories have value in use and is at-least equal to the carrying value in the books based on the confirmation received from the user (technical) department of the Company	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 , slow moving, non-moving and obsolescence of such inventories based on technical inputs.

1 Management Replies - Final.indd 186 19-08-2026 6:26:41 PM

iii.	We draw attention to Note 32 to the Consolidated Ind AS financial statements, amounts receivables 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 31.03.2025, 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.	We draw attention to Note 38 to the Consolidated Ind AS financial statements regarding the temporary unavailability of the Company's ERP accounting software (Odoo), which was unilaterally suspended by M/s Uniq Data Solutions Private Limited (UDSPL) on 15th June, 2024. The Company has filed a suit against M/s UDSPL in this regard, and the matter is currently sub-judice. Consequently, during the financial year, the Company maintained its books of account manually in Excel. Subsequent to the year-end, all transactions were uploaded in bulk into the accounting ERP software (Tally), and the financial statements have been prepared based on the accounting records so compiled	This is a statement of fact and since 15th Jun, 2024, M/s UDSPL has unilaterally stopped complete access to our accounting ERP software
v.	We draw attention to Note 32 to the Consolidated Ind AS financial statements, during the course of our audit, while verifying the TDS returns against the books of account, we observed that certain mismatches between the TDS reported in the returns and the accounting records. The management has represented that the same is under reconciliation and no material adjustment is required for the current audit period Our report is not modified in respect of matters stated above	The differences arose primarily due to manual records and wrong PAN numbers and w.r.t tax payment is concerned, all due taxes have been deposited to the ex chequer as per statue. However, we are reconciling the same and accordingly returns will be revised.

1 Management Replies - Final.indd 187 19-08-2026 6:26:41 PM

Management Replies to Key Audit Matters:

Sl	Audit Observation		AIAHL Replies
4.	**Key Audit Matters**		
S. No.	**Key Audit Matters**	**How Our Audit addressed the key audit matters**	
1.	**In respect of Holding Company,** **Transactions relating to disinvestment of Air India Limited** **(refer note no. 3A 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: -		
	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.1,51,885.22 million were transferred by the then AIL till 31st March 2025 which represents the difference in the Net value of assets/ liabilities/monetization arising from the Net funds transferred upto 31.3.2025 starting from the funds transferred upon AI disinvestment in FY 2021-22 of Rs.8,31,949.58 million and Rs.6,80,064.36 million Funds transferred to AIL over and above the assets/ liabilities received. The company has accounted for the funds transferred to the then AIL over and above the assets/ liabilities amounting to Rs.6,80,064.36 million as separate line item under "Equity & Liabilities" as on 31st March 2025. 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 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.	**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 -		

1 Management Replies - Final.indd 188 19-08-2026 6:26:42 PM

	a.	Grant in aid received from Govt. of India of Rs.8,181.80 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. 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. 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.8,181.80 million as Budgetary support / grant from the Government during the year which is fully utilized hence, accounted as "other income". We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules framed under GFR.	This is a statement of fact.
	b.	Grant in aid received from Government of India of Rs.1,030 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. In line of the medical scheme for retired and retiring employees of the then AIL, Government of India released grant of Rs. 1,030 million to be utilized for the purpose of medical expenses of such retired and retiring employees. 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.
	c.	Grant in aid received from Government of India of Rs.1,590 million for tax indemnification matters of AIL and utilized for the purpose for which it is received.	Our procedures of utilization of Government Grants include obtaining and understanding of the process involving the utilization of the Government Grants. We reviewed the relevant sanction letters embodying the purpose and utilization thereof of such grants in terms of rules made under GFR.	This is a statement of fact.

1 Management Replies - Final.indd 189 19-08-2026 6:26:42 PM

3.	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.	The non-availability with the company of the AI-GOI SPA is a statement of fact except to the extract/clause of such agreement shared by GOI for transaction specific purpose i.e. Tax Indmenification matter. Such extracts of the SPA are shared with the auditors.
4.	**In respect of Subsidiary Company:** **<u>Hotel Corporation of India Limited Going Concern</u>**		
	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 Catering Agreement with M/s Spicejet Limited valid up to 01.05.2030, Flight Handling services with Air India valid upto November 2026 and letting out the space for FHU operations at Mumbai for period upto March 2031 which ensures that company will be able to run its business as going concern in near future. Various initiatives have also been taken by the management for improving the operational performance of the company and increasing the revenues. 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 phase wise for operationally essential matters, the company has obtained the ISO Certification and is in process to upgrade the present facilities.	

1 Management Replies - Final.indd 190 19-08-2026 6:26:42 PM

		Refurbishment of the Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level is also under process. 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.	
5.	**Contingent Liabilities:** **(refer Note 23.i to the Consolidated Ind AS financial statements)** 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:		
	Contingent Liabilities: ***(refer Note 23.i to the consolidated Ind AS financial statements)*** There are various litigations pending before various forums against the Company and management's judgment is required for estimating the amount to be disclosed as contingent liability. We identified this as a key audit matter because the estimates on which these amounts are based involve a significant degree of management judgment 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: - understood and tested the design and operating effectiveness of controls as established by the management for obtaining relevant information for pending litigation cases; - discussing with management any material developments and latest status of legal matters - read various correspondences and related documents pertaining to litigation cases produced by the management and relevant external legal opinions obtained by the management and performed substantive procedures on calculations supporting the disclosure of contingent liabilities; - examining management's judgments and assessments whether provisions are required; - considering the management assessments of those matters that are not disclosed as the probability of material outflow is considered to be remote; - reviewing the adequacy and completeness of disclosures.	

1 Management Replies - Final.indd 191 19-08-2026 6:26:42 PM

		Based on the above procedures performed, the estimation and disclosures of contingent liabilities are considered to be adequate and reasonable.	
6.	**Uncertain Taxation Matters** The Company has material uncertain tax matters under dispute which involves significant judgment 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. 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.	
7.	**Other Matter – Goods and Service Tax**	The 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 the above case, 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.	The company is utilizing the GST input (ITC) on the invoices of Creditors/ Vendors in terms of the GST act as and when the credit is available on the portal. It is submitted that the payments to all the current /ongoing vendors are made within the stipulated period of180 days. Further, these aspects are also reconciled and taken care of while filing the Annual Returns.
	In respect of Subsidiary Company:		
	AI Engineering Services Limited		
8.	**MSME vendor identification and interest computation** As explained in the Emphasis of Matter, identification of MSME vendors and computation of interest payable is carried out manually. Given the volume of vendors and transactions, this area was considered a key audit matter due to the risk of non-compliance with statutory requirements and potential understatement of liabilities.		Refer our reply on similar matter under Emphasis of matter
9.	**Trade receivable ageing and recoverability** Trade receivable ageing is prepared manually and customer accounts contain multiple debit and credit entries without systematic netting or confirmation.		Refer our reply on similar matter under Emphasis of matter

1 Management Replies - Final.indd 192 19-08-2026 6:26:42 PM

	In the absence of customer confirmations, the recoverability and ageing of receivables involved significant management judgment and was therefore considered a key audit matter.		
10.	**Netting of debit and credit balances in customer and vendor ledgers** Customer and vendor accounts reflect both debit and credit balances which are netted and presented as receivable or payable in the Balance Sheet. Due to lack of reconciliation and confirmations, the presentation and recoverability of such balances required significant audit attention and was therefore considered a key audit matter.		Refer our reply on similar matter under Emphasis of matter

1 Management Replies - Final.indd 193 19-08-2026 6:26:42 PM

Management Replies to the Other Matters:

<table>
<tr><th>Sl. No.</th><th>Audit Observation</th><th>AIAHL Replies reproduced as per respective Management Replies provided to the Auditors observations in the SFS Annual Accounts</th></tr>
<tr><td>5.</td><td><u>Other matters</u></td><td></td></tr>
<tr><td>i.</td><td>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, 2025, total revenue and net cash inflow/ (outflow) for the period ended on that date as considered in the consolidated financial statements.</td><td></td></tr>
<tr><td></td><td>
<table>
<tr><td colspan="5">(Rs. in million)</td></tr>
<tr><td>Name of the Subsidiary</td><td>Total Assets</td><td>Net Assets</td><td>Total Revenues</td><td>Net Cash Inflows/ (Outflow)</td></tr>
<tr><td>Alliance Air Aviation Ltd (AAAL)</td><td>30,164.43</td><td>(43.578.77)</td><td>8,213.52</td><td>(5.80)</td></tr>
<tr><td>AI Engineering Services Limited (AIESL)</td><td>31,225.84</td><td>(1,210.71)</td><td>19,460.50</td><td>1,485.29</td></tr>
<tr><td>Hotel Corporation of India (HCI)</td><td>945.67</td><td>(7,726.45)</td><td>463.61</td><td>14.87</td></tr>
<tr><td>AI Airport Services Ltd (AIASL)</td><td>12.119.10</td><td>4.624.79</td><td>10,037.05</td><td>306.89</td></tr>
</table>
</td><td></td></tr>
<tr><td>ii.</td><td>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.</td><td></td></tr>
<tr><td>iii.</td><td>We draw attention to Note No. 9.6 of the Consolidated Ind AS Financial Statements regarding the disinvestment plan of the subsidiary companies of AI Assets Holding Limited. Pursuant to the said disinvestment plan, the Group has presented the results and related assets and liabilities of these subsidiary companies as discontinued operations in the Consolidated Ind AS Financial Statements.</td><td></td></tr>
</table>

1 Management Replies - Final.indd 194 19-08-2026 6:26:42 PM

iv.	However, the respective subsidiary companies continue to operate as going concerns and have prepared their respective standalone financial statements on a going concern basis.	
v.	Subsequent to the reporting date and prior to the date of this auditor's report, the transfer oblique surrender of Nariman point building, Plot no.235, Fort Division, Mumbai, in favor of the Secretary, Government of Maharashtra, was completed on 2nd June 2026 for a consideration of rupees 16010.00 million. The Government of Maharashtra has also waived the applicability of stamp duty on the first transfer of the property from erstwhile Air India Limited to AIAHL. Consequently, a provision of Rs. 960.63 million created in earlier years is expected to be reversed during the financial year 2025- 26. Our opinion is not modified in respect of this matter.	
<u>In respect of subsidiary company AI Engineering Services Limited</u>		
A)	**TDS and Income-tax Matters**	
1.	**Pending Tax Demands and Penalty Proceedings**	
	The Company is subject to multiple pending TDS demands relating to FY 2014-15 to FY 2018-19, arising mainly from alleged short / non-deduction, delay in deposit, delay in filing of TDS returns and non-issuance of TDS certificates. These demands originated pursuant to survey proceedings under Section 133A conducted on 17th March 2020.	
2.	**Internal Controls over TDS Compliance**	
	Tax-related controls, particularly relating to monitoring of threshold-based TDS applicability and foreign remittance compliance under Section 195, are largely manual in nature. Such controls increase the risk of errors, delays and non-compliance, especially in view of the Company's scale and volume of transactions.	
3.	**Deduction of Tax under Multiple Sections**	
	TDS under multiple sections (194C, 194J, 194I, 194Q and 195) deducted from same party cannot be verified as per SAP records and management-provided details. While deduction under different sections for the same PAN is not prohibited per se, such practices elevate risk, particularly in light of historical demands under Section 201.	
4.	**Use of Miscellaneous Party Ledger**	
	A common "Miscellaneous Party" general ledger account is used for accounting one-time vendors, which reduces audit trail clarity and increases the risk of incorrect TDS classification and compliance gaps.	
5.	**Non-receipt and Accounting of TDS Certificates (Form 16 / 16A) and Issuance of TDS Certificates by the Company**	

1 Management Replies - Final.indd 195 19-08-2026 6:26:42 PM

	TDS certificates from customers were not received, maintained or reconciled on a periodic basis. Further, TDS receivable was not accounted for customer-wise during the year and was instead booked at year-end based on Form 26AS. In the absence of a defined cut-off mechanism and balance confirmations from customers, we were unable to determine the accuracy, completeness and period-wise recognition of TDS receivable and trade receivables, which may result in misstatement of assets and revenue to the extent. No evidence or records were provided regarding timely issuance of Form 16 / Form 16A to vendors and employees for taxes deducted during the year. The continuation of similar deficiencies, which had earlier resulted in tax demands and penalty exposure, indicates persistent weaknesses in statutory compliance controls.	
B)	**GST Matters: Complex GST Operations and Reconciliations**	
	The Company operates through multiple GST registrations and undertakes high-value transactions involving complex GST compliance,	
	including utilization of input tax credit (ITC), management of electronic ledgers and return reconciliations. Certain negative liability balances and unutilized credits were observed during the year. As explained by management, these arose due to timing differences, statutory utilization restrictions, credit note adjustments and prior-period reconciliations, and were monitored and adjusted in subsequent GST returns.	
C)	**Presentation of Advances from Customers**	
	Advances received from customers have been presented under “Trade Payables” in the balance sheet, based on management’s assessment of their nature and expected settlement.	
D)	**State bank of India OD account balance NIL as on 31.3.2025 secured under FD lien:**	
	OD limit and utilization under borrowings and FD lien secured against OD under bank balances disclosure not shown in financial statement. Our opinion on the Consolidated Ind – AS financial statements is not modified in respect of the above matters.	
9.	**Report on Other Legal and Regulatory Requirements**	
1.	As required by the Companies (Auditor’s Report) Order, 2020 (“the Order”), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other financial information of the subsidiary companies, as noted in the “Other Matter” paragraph, we give in the Annexure – A, a statement on the matters specified in paragraph 3(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:	

1 Management Replies - Final.indd 196 19-08-2026 6:26:42 PM

	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:	

1 Management Replies - Final.indd 197 19-08-2026 6:26:42 PM

	i. The Consolidated Ind – AS Financial Statements disclose the impact of pending litigations as at 31st March, 2025 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, except as disclosed under note no. 4.2 and 9.5 of the consolidated Ind AS financial statements; 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 accounting software, namely TallyPrime, for maintaining its books of account for the financial year ended March 31, 2025. The software includes a feature for recording an audit trail (edit log), which was enabled and	

1 Management Replies - Final.indd 198 19-08-2026 6:26:42 PM

		operated throughout the period for all relevant transactions recorded in the system. During the course of our examination, we did not come across any instances indicating that the audit trail feature had been tampered with. However, no documentary evidence with respect to the IT General Controls (ITGC) relating to the use of the software has been made available for our verification. Further, the edit logs/ audit trail are captured and preserved within the software itself and not separately on any external storage device. Furthermore, 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**	
		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. 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.	This is a statement of fact.
	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.	This is a statement of fact.
	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.	This is a statement of fact.
	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 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.	This is a statement of fact.

1 Management Replies - Final.indd 199 19-08-2026 6:26:42 PM

	b. In respect of AI Engineering Services Limited	
	Qualification has been given as per point no. 1 of "Basis of Qualification" Para of the report: • Company has passed lot of duplicate/rectification entries and significant numbers of entries are posted on 31st March 2025 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.	
	c. In respect of Hotel Corporation of India Limited	
	In accordance with the requirements of Section 128 of the Companies Act, 2013 and the proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014, which require the Company to maintain its books of account using accounting software having an enabled and non-disablable audit trail (edit log) feature, we report that the Company has implemented an audit trail facility in its accounting system with defined access controls and user-level restrictions. Based on management representations and our examination, the audit trail functionality is in the process of being fully implemented and operationalized across all relevant modules of the accounting system. Management has represented that necessary system configurations are being fine-tuned and appropriate measures are being undertaken to ensure that the audit trail operates in a complete, accurate and tamper-proof manner and remains compliant with the requirements.	
	d. In respect of AI Airport Services Limited	
	Except for the matters stated in point no. vi of "Emphasis of Matter" read with Note 38 of the Consolidated Ind AS financial statements, based on our examination, which included test checks, the Company has used accounting software for maintaining its books of account for the financial year ended March 31, 2025 which has a feature of recording audit trail (edit log) facility and the same has operated throughout the period of use for all relevant transactions recorded in the software. Further, during the course of our audit we did not come across any instance of the audit trail feature being tampered with. Based on our examination, which included test checks, we did not come across any instance of the audit trail being tampered with, and the management has represented that the audit trail feature cannot be disabled. The Company has preserved the audit trail in accordance with statutory requirements for record retention subject to the fact that during the financial year, the Company maintained its books of account manually in Excel and subsequent to the year-end, all transactions were uploaded in bulk into the accounting ERP software (Tally).	

1 Management Replies - Final.indd 200 19-08-2026 6:26:42 PM

ANNEXURE – A

Referred to in paragraph 9.1. under the heading Report on Other Legal and Regulatory Requirements of Independent Auditor's Report of even date to the members of AI Assets Holding Limited on the Consolidated Ind – AS Financial Statements for the year ended 31st March, 2025

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) (i) (b) (i) (c) (iii) (b) (iii) (c) (iv) (xiv) (a) (xx)	See Para-wise Comments for each referred para of CARO Report
2.	Alliance Air Aviation Limited	U51101DL1983 GOI016518	Subsidiary Company	(ii) (a) (vii) (a) (vii) (b) (ix) (a) (xi) (a) (xi) (c) (xiv) (a)	See Para-wise Comments for each referred para of CARO Report
3.	AI Airport Services Limited	U63090DL2003 PLC120790	Subsidiary Company	(i) (b) (vii) (a) (vii) (b)	
4.	AI Engineering Services Limited	U74210DL2004 GOI125114	Subsidiary Company	(i) (a) (i) (i) (c) (ii) (a) (vii) (a) (vii) (b) (viii) (xiv) (a) (xiv) (b)	
5.	Hotel Corporation of India Limited	U55101DL1971 GOI394499	Subsidiary Company	(i) (a) (A) (i) (c) (ii) (a) (vii) (a) (vii) (b) (xiii) (xiv) (b) (xix)	

1 Management Replies - Final.indd 201 19-08-2026 6:26:42 PM

ANNEXURE – A

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

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. However, for "Assets included 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.	The then AIL upon disinvestment in Jan 2002 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. The required Fixed Assets Register (FAR) descriptive details, based on the 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 the 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.
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 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.	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. 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.

1 Management Replies - Final.indd 202 19-08-2026 6:26:42 PM

<table>
<tr>
<td>i. (c)</td>
<td>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>68,617.39</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.
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.
Title deeds of remaining assets are under process of transfer to the company from AIL.</td>
</tr>
<tr>
<td>iii. b)</td>
<td>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.)</td>
<td>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.
Also refer our reply to the Para 3.(v) –“Emphasis of Matter” of the Independent Auditors Report.</td>
</tr>
</table>

1 Management Replies - Final.indd 203 19-08-2026 6:26:42 PM

iii. 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), hence the repayments or receipts are not regular.	Reference is invited to our reply to para 3 (v) -Emphasis of Matter
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 reply at (iii).b) above.
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.
xx.	The provisions of section 135 is applicable to the company however, 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 the year.	The Company is an SPV incorporated by GoI for the specific purpose of handling transactions arising out of the disinvestment of Air India, and as such, the company is not a commercial/business entity. The Government of India provides necessary funds required for servicing of the bonds i.e. payment of interest and repayment of principal through budgetary support to the extent of shortfall at the time of payment/repayment after taking into account the receipt in SPV escrow account from sale of identified assets of Air India, rentals, dividends/ revenue sharing from subsidiaries etc. realized till then in the budget of Ministry of Civil Aviation. In view of the foregoing facts, the Company had sent a request to the Ministry of Corporate Affairs, Govt of India, through the 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 the constitution of a Board CSR Committee.

1 Management Replies - Final.indd 204 19-08-2026 6:26:42 PM

		The Secretary, Ministry of Civil Aviation vide no. AV-18047/3/2019-AI dated 10th August 2023 has requested the Ministry of Corporate Affairs to re-examine their decision for the exemption from CSR. The final decision is awaited. However, in order to comply with the provisions of the Companies Act 2013, the Company has constituted a CSR committee in the 58th Board meeting held on 21.11.2025. The expenditure towards CSR activities relating to earlier applicable years will be discussed and actioned accordingly.
ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT **In respect of Alliance Air Aviation Limited**		
ii. (a)	The physical verification of inventories is done on biennial basis. During the FY 2024-25, inventories at Delhi, Kolkata and Hyderabad were verified by the management along with the Internal auditors of the Company. 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. Accordingly, a provision amounting to Rs. 155.12 million based on difference between actual physical inventory and the system records the assessment for which is pending to be made which will be done at a later date. The company has formed an internal committee to investigate the actual loss on account of shortages incurred in FY 23-24, and final report of the investigation by the committee is awaited. 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).	This is statement of fact. Suitable disclosure has been made in Note No. 30 (b) of AAAL SFS Annual Accounts FY 2024-25.
(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.	This is statement of fact.

1 Management Replies - Final.indd 205 19-08-2026 6:26:42 PM

<table>
<tr><td>vii. (b)</td><td>The details of statutory dues referred to in sub clause (a) above which have not been deposited as at March 31, 2025 on account of any dispute, are as follows:
<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>7.92</td><td>AY 2000-01</td><td>ITAT, New Delhi</td></tr>
<tr><td>Income Tax Act, 1961</td><td>Income Tax</td><td>10.05</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>(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. 27,108.94 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) (a)</td><td>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 whistleblower complaint has been received by the company regarding certain allegation against the erstwhile CFO of the company. The investigation pertaining to these allegations is under process and the matter is subjudice, hence the actual fraud amount, if any, and its impact would be known upon conclusion of the investigation by the vigilance department.</td><td>This is statement of fact.</td></tr>
<tr><td>(xi) (c)</td><td>.As represented to us by the Management, the company has received a whistleblower complaint during the year regarding certain allegations against the erstwhile CFO of the company and that the investigation is still undergoing and that the final report of the investigation is still awaited.</td><td>This is statement of fact.</td></tr>
<tr><td>(xiv) (a)</td><td>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.</td><td>This is statement of fact.</td></tr>
<tr><td colspan="3">ANNEXURE – A TO THE INDEPENDENT AUDITOR’S REPORT
In respect of AI Airport Services Limited</td></tr>
<tr><td>(i) b)</td><td>The Company has a program of physical verification of Property, Plant and Equipment and right-of-use assets so as to cover all the assets at reasonable intervals, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.</td><td></td></tr>
</table>

1 Management Replies - Final.indd 206 19-08-2026 6:26:42 PM

	The Property, Plant and Equipment and right-of-use assets have been physically verified by the management, however the process of reconciliation of the physical verification report with the Fixed Asset Register is under process by the management and we are unable to comment on the discrepancies if any.	
(vii) (a)	The company is generally regular in depositing undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income tax, sales-tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding except below, at the end of the reporting year , for a period of more than six months from the date they became payable.	

Name of statue	Nature of dues	Amout in Milions	Period which amount is related	Date of payment
Provident Fund Act, 1952	Provident Funds	6.85	2024-25	Not paid
Provident Fund Act, 1952	Provident Funds	37.58	2023-24 and earlier years	Not paid
Employee State Insurance, 1948	ESIC Fund	1.38	2024-25	Not paid
Employee State Insurance, 1948	ESIC Fund	8.98	2023-24 and earlier years	Not paid
Professional Tax	Professional Tax	1.01	2024-25	Not paid
Professional Tax	Professional Tax	5.50	2023-24 and earlier years	Not paid

(vii) (b)	Details of statutory dues referred to in sub-clause (a) above, which have not been deposited as on 31st March 2025 on account of disputes are below:	

Nature of the Statue	Nature of Dues (Refer Note no.1 & no.2)	Amount (in Millions)	Period to which the amount pertains
Income Tax Act, 1961	Income tax and Interest	13.34	AY 2013-14
Income Tax Act, 1961	Income tax	6.29	AY 2017-18
Income Tax Act, 1961	Income tax	6.60	AY 2017-18
Income Tax Act, 1961	Income tax	5.40	AY 2017-18
Income Tax Act, 1961	Income tax and Interest	80.76	AY 2018-19

1 Management Replies - Final.indd 207 19-08-2026 6:26:42 PM

Income Tax Act, 1961	Income tax and Interest	200.25*	AY 2020-21
Goods and Services Tax Act, 2017(Maharashtra)	Goods and Services Tax, Interest and penalty	15.01	FY 2020-21
Goods and Services Tax Act, 2017(Madhya Pradesh)	Goods and Services Tax and Interest	0.01	FY 2018-19 to FY 2022-23
Goods and Services Tax Act, 2017(Chhattisgarh)	Goods and Services Tax and Interest	0.30	FY 2020-21
Goods and Services Tax Act, 2017(Uttar Pradesh)	Goods and Services Tax, Interest and penalty	54.21	FY 2019-20
Goods and Services Tax Act, 2017(Uttar Pradesh)	Goods and Services Tax and Interest	1.09	FY 2024-25
Goods and Services Tax Act, 2017(Tamil Nadu)	Goods and Services Tax and Interest	0.10	FY 2020-21
Goods and Services Tax Act, 2017(Punjab)	Goods and Services Tax and Interest	31.37	FY 2020-21
Goods and Services Tax Act, 2017(Delhi)	Interest and penalty	3.66	FY 2016-17 to FY 2020-21
Goods and Services Tax Act, 2017(Maharashtra)	Goods and Services Tax, Interest and penalty	488.42	FY 2017-18 to FY 2019-20
Goods and Services Tax Act, 2017(Rajasthan)	Goods and Services Tax, Interest and penalty	1.31	FY 2017-18 to FY 2019-20
Goods and Services Tax Act, 2017(Bihar)	Goods and Services Tax, Interest and penalty	22.62	FY 2017-18 to FY 2019-20
Goods and Services Tax Act, 2017(Odisha)	Goods and Services Tax, Interest and penalty	7.27	FY 2019-20
Goods and Services Tax Act, 2017(Kerala)	Goods and Services Tax, Interest and penalty	123.09	FY 2018-2019
Goods and Services Tax Act, 2017(Tamil Nadu)	Goods and Services Tax, Interest and penalty	214	FY 2018-19 to FY 2020-21
Goods and Services Tax Act, 2017 (West Bengal)	Goods and Services Tax, Interest and penalty	7.42	FY 2018-19 to FY 2020-21
Goods and Services Tax Act, 2017(Assam)	Goods and Services Tax, Interest and penalty	16.16	FY 2018-19 to FY 2019-20
Goods and Services Tax Act, 2017(Chandigarh)	Interest	0.10	FY 2018-19 to 2019-20
Goods and Services Tax Act, 2017(Uttar Pradesh)	Interest	3.60	FY 2018-19 to 2020-21

1 Management Replies - Final.indd 208 19-08-2026 6:26:42 PM

	Rs. 82.65 million amounts have been deposited as self-assessment tax on October 16, 2021 Note:1-Interest of GST demands calculated till 31st March 2025 and interest on income tax demands considered from income tax portal. Note:2-Penalty as per GST order/ notices considered.	

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 and qualifications given on the assets capitalization and depreciation.	
(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 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) Building	264.40 Crores	Air India Ltd.	No	8.4.2021	Refer Note no. 2(a)1 of financial Statements
b) Jet 9D Test House	1.04 Crores	Air India Ltd.	No	1.4.2019	Refer Note no. 2(a)3 of financial Statements

(ii) (a)	As per information and explanations given to us, there is no proper system of Physical verification of inventory and detailed note given in qualfication in main report.	
(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 2025 of more than six months from the date they became payable are as below:	

Nature of Statutory Dues	Amount Outstanding for more
Goods and Service Tax	2.18
VAT	NIL
PF	0.84

1 Management Replies - Final.indd 209 19-08-2026 6:26:42 PM

<table>
<tr><td></td><td>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) (a)</td><td>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(Crores)</th></tr>
<tr><td>1</td><td>2015-16</td><td>TDS</td><td>2.84</td></tr>
<tr><td>2</td><td>2016-17</td><td>TDS</td><td>4.46</td></tr>
<tr><td>3</td><td>2017-18</td><td>TDS</td><td>6.34</td></tr>
<tr><td>4</td><td>2018-19</td><td>TDS</td><td>18.46</td></tr>
<tr><td>5</td><td>2019-20</td><td>TDS</td><td>32.38</td></tr>
<tr><td></td><td></td><td>Total</td><td>64.47</td></tr>
</table>
*Interest u/s 220(2) on the above demand as on 31st March, 2025 will be ₹39.16 Crores.</td><td></td></tr>
<tr><td>(viii)</td><td>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. 2.67 Crores for FY 2023-24 and Rs. 18.18 Crores for FY 2022-23 has been booked in current year.
(Refer note no. 25 to notes to accounts).</td><td></td></tr>
<tr><td>(xiv) (a)</td><td>Company does not have an internal audit system commensurate with the size and nature of its business.</td><td></td></tr>
<tr><td>(xiv) (b)</td><td>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.</td><td></td></tr>
<tr><td>(xix)</td><td>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.</td><td></td></tr>
</table>

1 Management Replies - Final.indd 210 19-08-2026 6:26:42 PM

ANNEXURE – A TO THE INDEPENDENT AUDITOR'S REPORT **In respect of Hotel Corporation of India Limited**		
i. (a) (A)	**Property, Plant & Equipment:** The Company has generally maintained proper records showing full particulars; however, for certain assets. the quantitative details of such Property, Plant and Equipment are not updated in the Fixed Asset Register (FAR).	The physical verification of the PPE was conducted during the year 2023-24, and the next physical verification is scheduled to be conducted during the financial year 2025-26
i. (c)	According to the infonnation, explanations and records provided to us, the title deeds of all immovable properties are held in the name of the Company. In case of/our (***4) residential flats In Sher-e- Punjab Soclety, Andherl (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. Further as per prevailing practice of the Company, Conswnptjon 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.	
(vii) (a)	**Statutory dues** According to the information and explanations given to us and based on 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, Provident Fund. Duty of Customs, Cess and other statutory dues were in arrears as at 31st Marcil 2025 for a period of more than six months from the date they became payable, except property tax amounting to INR 11.56 millions pertaining to the financial years 2023-24 and 2024--25.	The company has preferred appeals against the said demands/notices at respective forums and pursued the matter, refund has been received in the Service tax matters. For the Provident Fund the entire amount stands deposited however our appeal is pending.
(vii) (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:	The company is pursuing with the Luxury Tax department and Service Tax department for obtaining/ Issuing supporting proceedings/ orders so that the matters mentioned as pending could be closed.

1 Management Replies - Final.indd 211 19-08-2026 6:26:43 PM

Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum where
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	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	(28.27)		
	Total	**0.00**		

**Subsequent to the balance sheet date, the competent authority has passed refund Orders in respect of the above service tax demands, Consequently the said demands do not remain disputed.*

With respect to the Information provided below, management has stated that the said liabilities do not exist: however, no supporting evidence or documentation has been provided to substantiate this claim. Accordingly, the matter has been reported in line with the previous audit report.

Nature of Statute	Nature of Dues	Amount in Dispute (in Mns)	Period to which the amount relates	Forum
Luxury Tax*	Tax	2.18	2000-2001	Additional Commissioner Sales Tax (Appeal)
	Less: Paid	(0.88)		
	Total	1.3		
Luxury Tax*	Tax	6.51	2000-2001	Additional Commissioner Sales Tax (Appeals)
	Interest	9.33		
		0.01		
	Less: Paid	(2.53)		
	Total	13.31		
Luxury Tax*	Tax	1.98	2002-2003	Commissioner of Sales Tax (Appeals)
	Interest	2.08		
		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 Appellate-II
Service Tax	Tax	5.11	2013-2014	Commissioner of Central Excise Appellate-II

1 Management Replies - Final.indd 212 19-08-2026 6:26:43 PM

	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 201	Commissioner of Central Excise Appellate-II
(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 raults 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 tenns of IND AS 24 "Related Party Disclosure" and the same are relied upon by us.				Independent Directors have not been appointed by the company. Statement of fact.
(xiv) (b)	**Internal Audit** 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.

1 Management Replies - Final.indd 213 19-08-2026 6:26:43 PM

ANNEXURE – B

Referred to in Paragraph 2(f) under the Heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date to the members of AI Assets Holding Limited *(formerly Air India Assets Holding Limited)* on the Consolidated Financial Statements for the year ended 31st March, 2025.

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, 2025 in conjunction with our audit of the Consolidated Ind AS financial statements of the Company for the year ended on that date.

	Audit Observations	Management Comments
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	

1 Management Replies - Final.indd 214 19-08-2026 6:26:43 PM

	included obtaining an understanding of internal financial controls with reference to Consolidated Ind – AS Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Consolidated Ind – AS Financial Statements, whether due to fraud or error. We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor's in terms of the reports referred to in the "Other Matter" paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system with reference to Consolidated Ind – AS Financial Statements of the Holding Company and its subsidiary companies.	
3.	**Meaning of Internal Financial Controls Over Financial Reporting with reference to Consolidated Ind – AS Financial Statements**	
	A company's internal financial controls with reference to Consolidated Ind – AS Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to Consolidated Ind – AS Financial Statements includes those policies and procedures that 1. pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; 2. provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Ind – AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and 3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.	
4.	**Inherent Limitations of Internal Financial Controls with reference to Consolidated Ind – AS Financial Statements**	
	Because of the inherent limitations of internal financial controls with reference to Consolidated Ind – AS Financial Statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to Consolidated Ind – AS Financial Statements to future periods are subject to the risk that the internal financial controls with reference to Consolidated Ind – AS Financial Statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.	

1 Management Replies - Final.indd 215 19-08-2026 6:26:43 PM

A	**In respect AI Engineering Services Limited (Formerly known as Air India Engineering Services Limited) (Subsidiary) – Vide their Auditor's Report dated 26th December 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, 2025.	
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.	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.	
iii.	The Company did not have effective system of reconciliation of balance with other parties	
iv.	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 20th March 2026 has expressed qualified opinion**	
	According to the information and explanations given to us, the Company has undergone a review of internal financial controls over financial reporting. Based on the report received and our audit procedures, the material weaknesses and significant deficiencies described in the section titled "Material Weaknesses" & "Significant deficiencies" respectively below have been identified in the Company's internal financial controls with reference to standalone financial statements as at 31 March 2025. Because of the effects of these material weaknesses, the Company's internal financial controls with reference to standalone financial statements were not operating effectively as at 31 March 2025, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the aforesaid Guidance Note issued by ICAI.	The Material Weaknesses & Significant deficiencies Observed by audit for the company's internal financial controls over financial reporting is noted. The company is reviewing its processes to ensure that the essential components of internal control operate effectively.

1 Management Replies - Final.indd 216 19-08-2026 6:26:43 PM

	Material Weaknesses According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at 31 March 2025 with regard to the Company's internal financial controls over financial reporting: i. Lack of integration between PMS , POS, Inventory and Accounting systems. ii. Non-confirmation/ non-reconciliation/ non-assessment of long outstanding debit and credit balances iii. Manual maintenance of inventory records iv. Insufficient provision for Doubtful receivables (Overstatement of Trade Receivables).	i. The Company has initiated steps to integrate the PMS, POS and inventory with the tally accounting system, interface between PMS and tally system is under development with M/s Antraweb the tally accounting service provider. ii. The company has sent email communication to all the Customers and Vendors for confirmation of the balances. Responses have been received from all the current/ ongoing Debtors /creditors, based on confirmations the balances have been reconciled and shown in the books of accounts. The old outstanding dues mainly include the amounts receivable from the Government of UT of J&K as per the AMRD order. HCI has filed an execution petition in the Hon'ble High court of Srinagar for recovery of the amount receivable in terms of the AMRD order. iii. Inventory records are presently maintained in both the physical ledger books as well as in the excel based works sheet ledgers, a customized Inventory accounting module in PMS duly integrated with the tally system in under development with M/s Antraweb the tally accounting service provider the same would ensure inventory records are maintained in the system. iv. The Trade receivables are regularly reviewed and provision created where ever required. The old outstanding receivable mainly includes the amounts receivable from Government of UT of J&K. HCI has filed and pursuing an execution petition in the Hon'ble High Court of Srinagar for recovery of the amount receivable as per the AMRD order accordingly no further provision was made.

1 Management Replies - Final.indd 217 19-08-2026 6:26:43 PM

	Significant Deficiencies According to the information and explanations given to us and based on our audit, the following significant deficiencies have been identified as at 31st March 2025 with regard to the Company's internal financial controls over financial reporting: i. Non-recruitment of employees and lack of rotation of duties. ii. Non-continuous monitoring of key risks. iii. Lack of digital record maintenance and backup (weak IT environment.) iv. Credit Risk Management – Inadequate Credit Limit Monitoring and Debtor Review A significant deficiency is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting that is less severe than a material weakness, yet important enough to merit the attention of those charged with governance.	i. Employees are also rotated based on their skill set and the requirement of the role. Due to resource constraints certain functions are currently handled by limited personnel. Employees on FTC basis are positioned as per requirement. ii. The risks are being monitored on regular basis. Reports like Daily Revenue report, Cash Flow report Night Auditor report and other operational reports are Checked by the respective departmental HOD on daily basis and corrective action taken. Procurement is done through GeM ensuring the compliances. Quarterly Internal Audit reports and action taken thereon are put up to Audit committee as well. The company is also reviewing the entire process to establish a more structured risk assessment and monitoring framework to ensure timely identification and mitigation of key risks. iii. In the tally accounting system respective users take the back up by end of each day, further the entire system back up is available on the tally server as the system is cloud based. Similarly, the Revenue Software GINI is also cloud based and back up is available on the GINI server. Major procurements are done through the GeM portal backups are kept on the portal as well as in the form of downloads To strengthen the IT environment the company is also reviewing its IT system and is considering establishment of an integrated enterprises level system to take care of all the functions like Sales, Revenue, Purchase, Stores, Inventory, HR, Payroll and Finance & Accounts in an integrated manner.

1 Management Replies - Final.indd 218 19-08-2026 6:26:43 PM

		iv. Credit limits are set with the Debtors as per the agreements with the respective parties, payments are generally realized within the credit period. Periodic reconciliation is done and the balances are confirmed. As suggested this process shall be reviewed and further strengthened. The old outstanding debts mainly include the amounts receivable from the Government of UT of J&K for which the company has already filed an execution petition in the Hon'ble High Court of Srinagar for the recovery of the amount as per the AMRD order.
	<u>In respect of AI Airport Services Limited (Subsidiary)- vide their Auditor's Report Dated 01st December,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, 2025:	
a	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, 2025: I. The Depreciation run is manual for FY 2024-25, despite the desired control being an automated process. This manual process increases the risk of error in financial statements. II. There is currently no defined process for issuing a Goods Receipt Note (GRN) in the purchase order cycle. At present, the person receiving the goods only initials the Delivery Challan (DC) or Lorry Receipt (LR). The expected control is that the individual who raised the purchase requisition should not be authorized to issue the GRN. This indicates that a proper GRN process, which is an essential part of the purchase order system, is missing. III. The Company is not keeping a manual inward register for import entries and is relying only on an Excel report, instead of recording entries in inward register after system approval. IV. The ageing analysis of debtors is done on an annual basis, instead of the desired monthly basis review by management. This delays the identification of problematic debtors, impacting the accuracy of expected credit loss provisions and related financial reporting. V. There is no defined month-end accounts reporting schedule. Information is shared only when requested by management, indicating the absence of a structured and timely financial reporting process.	

1 Management Replies - Final.indd 219 19-08-2026 6:26:43 PM

	VI. Budget Variance Reporting: The process for reporting and monitoring budgeted versus actual variances has not yet been implemented. VII. Budget Preparation: Preparation of budgets, though based on half-yearly financials and regional inputs, has not been completed for the current year. VIII. Variance Analysis: The mechanism for identifying and investigating variances between actual and budgeted results is yet to be established. IX. Tolerance Levels: Management has not yet defined thresholds for acceptable variance levels, and abnormal variances are not being reviewed.	
b	The following observations pertain to the previous financial year (FY 2023–24) and remain unresolved in current financial year.	
	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 fixed assets with the books of account can be further strengthened. c. Timely reconciliations of certain significant accounts such as accounts receivables, accounts payables, statutory dues with returns and payroll balances are not done in an accurate manner. d. 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. While creating new customer ledger, KYC Documents shared with the department are incomplete. g. No scrap register is maintained w.r.t property, plant and equipment (Ramp Equipments & Others)	

1 Management Replies - Final.indd 220 19-08-2026 6:26:43 PM

	h. Records of procurement of material by MMD are not fully automated and maintained manually. i. Records of Ramp Assistance Form (RA Forms) issued are not fully automated and maintained manually. There are no records of the Ramp Assistance Form (RA Forms) for which invoices have not been issued. Such controls should be further strengthened.	
C	**<u>In respect of Alliance Air Aviation Limited (Subsidiary)- vide their Auditor's Report Dated 20th November 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. The accounting impact for year ending March 2024 has already been taken in FY 2023-24, and the impact for April to July 2024 has been taken in FY 2024-25. These issues highlight significant control deficiencies in the Company's procurement and remuneration processes.	Suitable disclosure has been made in Note No. 33 (b) of AAAL SFS Annual Accounts FY 2024-25
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 Rs.46.99 million from prior periods and an additional Rs.170.07 million recorded in FY 2023-24 remain unexplained, with the investigation into their root causes still pending and that the final report being awaited. Additionally, during the current year additional provision for shortage amounting to Rs.155.12 million was booked in the system owing to non-booking of consumption resulting into short booking of consumption. The exact reason for the said provision is pending to be identified and that the same shall be accounted for subsequently based on the results of the investigation reports. 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 SFS Annual Accounts FY 2024-25.

1 Management Replies - Final.indd 221 19-08-2026 6:26:43 PM

c	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.	
d	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, Hotel Corporation of India Limited and 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 2025, 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.	Company is manned with limited manpower all located at single location and follows consistent policy and processes for the present small set-up. However, the company is in the process of documenting policies and procedures for key processes/ transactions, also a Delegation of Powers documentation. 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 of including the work scope for testing the Internal Financial Controls.
	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 2025 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.	

1 Management Replies - Final.indd 222 19-08-2026 6:26:43 PM

7.	**<u>Other Matter</u>** 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 subsidiary companies and we have relied on the same.	

1 Management Replies - Final.indd 223 19-08-2026 6:26:43 PM

Consolidated Balance Sheet as at March 31, 2025

(₹ in million)

Particulars	Note No.	As at March 31, 2025	As at March 31, 2024
I. ASSETS:			
1. Non-current Assets			
(i) Property, Plant and Equipment	**2**	0.11	0.14
(ii) Financial assets:			
a) Cash and Cash equivalents	**7**	-	-
b) Bank balances other than (a) above	**8**	2,386.70	2,284.20
c) Other Financial Assets	**4**	114.00	114.00
(iii) Deferred tax asset (net)	**5.1**	3,092.41	3,760.44
Total Non-Current Assets		**5,593.22**	**6,158.78**
2. Current Assets			
(i) Financial assets:			
a) Cash and Cash equivalents	**7**	7,493.84	9,295.60
b) Bank balances other than (a) above	**8**	173.00	2.20
c) Other Financial Assets	**4**	1,303.40	1,793.22
d) Others- Recoverable from Air India Limited (AIL)	**3**	2,820.51	2,689.08
(ii) Current Tax Assets (Net)	**5**	760.95	613.69
(iii) Other Current Assets	**6**	68.09	81.75
Total Current Assets		**12,619.79**	**14,475.54**
3. Assets included in Disposal group held-for-sale	**9**	144,736.75	141,751.31
Total Assets		**162,949.76**	**162,385.63**
II. EQUITY AND LIABILITIES:			
1. Equity			
a) Equity Share Capital	**10**	630,225.90	629,654.50
b) Other Equity	**11**	233.70	1,396.97
		630,459.60	631,051.47
c) Fund transferred to the then AIL over and above assets/liabilities received	**3A**	(679,994.01)	(680,041.33)
Total Equity		**(49,534.41)**	**(48,989.86)**
2. Liabilities:			
(i) Non-current Liabilities			
a) Financial Liabilities			
i) Borrowings	**12**	149,850.00	149,850.00
ii) Other Financial Liabilities	**13**	-	-

1 Management Replies - Final.indd 224 19-08-2026 6:26:43 PM

	b) Provisions	**15**	-	-
	Total Non-Current Liabilities		**149,850.00**	**149,850.00**
(ii)	**Current Liabilities**			
	a) Financial Liabilities			
	i) Borrowings	**12**	-	-
	ii) Trade Payables	**14**		
	(a) Total outstanding, dues of micro and small enterprises		0.30	0.87
	(b) Total outstanding, dues of creditors other than micro and small enterprises		2.37	4.91
	iii) Other Financial Liabilities	**13**	5,341.54	5,113.14
	b) Provisions	**15**	1,538.59	1,664.39
	c) Other Current Liabilities	**16**	6.68	5.02
	Total Current Liabilities		**6,889.48**	**6,788.33**
3.	Liabilities against assets included in disposal group held for sale	**17**	55,744.69	54,737.17
	Total Equity & Liabilities		**162,949.76**	**162,385.63**

Notes no. 1-57 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: 09-06-2026

For and on behalf of the Board of Directors

Sd/
Amit Kumar
Chairman and Managing Director
DIN 11001643

Sd/
Rajiv Kapoor
Chief Financial Officer

Sd/
Padam Lal Negi
Director
DIN 10041387

Sd/
Kavita Tanwar
Company Secretary
A29486

1 Management Replies - Final.indd 225 19-08-2026 6:26:43 PM

Consolidated Statement of Profit and Loss for the year ended March 31, 2025

(₹ in million, except EPS)

Particulars	Note No.	For the Year ended March 31, 2025	For the Year ended March 31, 2024
I. Revenue from Operations		-	-
II. Other Income:			
Rent from properties held for sale	**18**	571.74	1,193.82
Other Misc. Income	**18.1**	9,933.75	7,895.39
III. Total Income (I + II)		**10,505.49**	**9,089.21**
IV. Expenses:			
Employee Benefit Expenses	**19**	38.70	17.30
Finance Cost	**20**	11,058.11	11,090.52
Depreciation & Amortization	**2**	0.03	0.02
Other Expenses	**21**	1,596.71	2,097.89
V. Total Expenses		**12,693.55**	**13,205.73**
VI. Profit / (Loss) before exceptional items and Tax (III-V)		**(2,188.06)**	**(4,116.52)**
VII. Exceptional Items		**-**	**-**
VIII. Profit / (Loss) Before Tax (VI-VII)		**(2,188.06)**	**(4,116.52)**
IX. Tax Expense			
1. Current Tax		85.89	-
2. Deferred Tax	**5**	668.03	-
3. Tax Adjustment relating to Earlier Year		111.34	(3,760.44)
X. Profit / (Loss) For the Year From continuing operations (VIII-IX)		**(3,053.32)**	**(356.08)**
XI. Profit/(Loss) from the entities included in disposal group held for sale (Discontinued operations)	**21A**	**3,004.22**	**2,837.14**
XII. Tax expense of entities included in disposal group held for sale (Discontinued operations)	**21A**	**1,006.37**	**1,500.92**
XIII. Profit/(Loss) from the entities included in disposal group held for sale (after tax) (Discontinued operations) (XI-XII)	**21A**	**1,997.85**	**1,336.22**
XIV. Profit/(Loss) for the year after tax (X+XIII)		**(1,055.47)**	**980.14**
Other Comprehensive Income from Continuing operations		-	-
Other comprehensive income from Discontinued operations	**21A**	(98.15)	(76.00)
XV. Total Other Comprehensive Income		**(98.15)**	**(76.00)**
XVI. Total Comprehensive Income/(Loss) for the year (XIV+XV)		**(1,153.62)**	**904.14**
XVII. Earning per Equity Share of Rs. 10 each	**22**		
From continuing operations			
Basic (Rs.)		**(0.05)**	**(0.01)**
Diluted (Rs.)		**(0.05)**	**(0.01)**

1 Management Replies - Final.indd 226 19-08-2026 6:26:43 PM

From discontinued operations			
Basic (Rs.)		**0.03**	**0.02**
Diluted (Rs.)		**0.03**	**0.02**
From continuing and discontinued operations			
Basic (Rs.)		**(0.02)**	**0.01**
Diluted (Rs.)		**(0.02)**	**0.01**

Notes no. 1-57 forming integral part of the Financial Statement

As per our report of even date attached

For and on behalf of the Board of Directors

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
A29486

Place: Delhi
Date: 09-06-2026

1 Management Replies - Final.indd 227 19-08-2026 6:26:43 PM

Consolidated Cash Flow Statement for the year ended 31st March, 2025

(₹ in million)

	Particulars	Year ended March 31, 2025	Year ended March 31, 2024
A.	Cash Flow From Operating Activities		
	Net Profit / (Loss) Before tax	(2,188.06)	(4,116.52)
	Adjustments for:		
	Depreciation / Amortisation	0.03	0.02
	Finance Cost	11,058.11	11,090.52
	Interest Income on FDR	(341.25)	(425.33)
	Govt Budgetary Support - NCD Interest	(8,181.80)	(6,500.00)
	Other adjustments *	1,024.80	5,303.27
	Operating profit before working capital changes	**1,371.83**	**5,351.96**
	(Increase) / Decrease in Trade Receivables	-	-
	(Increase) / Decrease in Other Current & Non Current Assets	(2,389.82)	(6,220.48)
	Increase / (Decrease) in Trade Payables	(3.11)	2.04
	Increase / (Decrease) in other Current & Non current Liability	1,142.49	509.65
	Cash Generated from Operations	**121.39**	**(356.83)**
	Income Tax Paid (net of refund)	-	-
	Net Cash from Operating Activities	**121.39**	**(356.83)**
B.	**Cash Flow From Investing Activities**		
	Acquisition of fixed assets	-	(0.01)
	Interest Income on FDRs	365.15	491.57
	Receipt of assets/investment in consideration of financial assistance to AIL	**365.15**	**491.56**
	Net Cash From Investing Activities		
C.	**Cash Flow From Financing Activities**		
	Proceeds from Borrowings	-	-
	Proceeds from issue of Share Capital	571.40	6,000.00
	Interest Expense	(11,041.51)	(11,073.92)
	Proceeds from Government Budgetary Support - NCD Interest	8,181.80	6,500.00
	Repayment of Borrowings	-	-
	Net Cash From Financing Activities	**(2,288.31)**	**1,426.08**
	Net (Decrease)/Increase in Cash and Cash Equivalents	**(1,801.76)**	**1,560.81**
	Add: Cash and Cash Equivalents at the beginning of the Year	9,295.60	7,734.79
	Cash and Cash Equivalents at the end of the Year	**7,493.84**	**9,295.60**
	Component of Cash and Cash Equivalents		
	Cash on hand	-	-
	Balance in Current Account	13.42	7.79
	Other Deposit Account	7,480.42	9,287.81
		7,493.84	**9,295.60**

1 Management Replies - Final.indd 228 19-08-2026 6:26:43 PM

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

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Net Cash Flow(Used in)/ from Operating Activities	3,940.03	(717.22)
Net Cash Flow used in Investing Activities	(218.17)	(229.02)
Net Cash Flow(Used in)/ from Financing Activities	(1,920.62)	2,442.88
Net Increase/ (Decrease) in Cash and Cash equivalents (A)	**1,801.24**	**1,496.64**
Cash and Cash equivalents (Opening balances) (B)	**2,572.84**	**1,076.20**
Cash and Cash equivalents (Closing balances A+B)**	**4,374.08**	**2,572.84**

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

**Cash & cash equivalent (closing balance) excludes cash & cash equivalent of entities included in disposal group held for sale amounting to ₹ 4,374.08 million (Previous Year ₹ 2,572.84 million) as the net effect of their activities have been reported as a part of "other adjustements".

Notes no. 1-57 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/-	**Sd/-**
	Amit Kumar	**Padam Lal Negi**
	Chairman and Managing Director	Director
	DIN 11001643	DIN 10041387
Sd/-	**Sd/-**	**Sd/-**
(Rohtash Mohan)	**Rajiv Kapoor**	**Kavita Tanwar**
Partner	Chief Financial Officer	Company Secretary
M.No. 094292		A29486

Place: Delhi

Date: 09-06-2026

1 Management Replies - Final.indd 230 19-08-2026 6:26:43 PM

Consolidated Statement Of Changes In Equity For The Year Ended 31 March, 2025

(₹ in million)

A. Equity Share Capital	As at 31 March, 2025	As at 31 March, 2024
Balance at the beginning of the reporting year	629,654.50	623,654.50
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 alloted during the year	571.40	6,000.00
Less: Buyback	-	-
Balance at the end of reporting year	**630,225.90**	**629,654.50**

(₹ 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 2024	1,396.97	-	**1,396.97**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit for the Year	(1,153.62)	-	**(1,153.62)**
Other Comprehensive Income/(loss)	-	-	**-**
Difference in opening balances due to Restated balance sheet of HCI	(5.14)	-	**(5.14)**
Share issue expenses in case of HCI	(4.50)	-	**(4.50)**
Balance as at 31 March 2025	**233.71**	**-**	**233.71**
Fund transferred to the then AIL over and above assets/ liabilities received as at 31 March 2025	**(680,041.33)**	47.32	**(679,994.01)**
Balance as at 31 March 2023	210.21	-	**210.21**
Effect of Deferred Tax Asset of earlier years	-	-	**-**
Profit for the Year	904.14	-	**904.14**
Other Comprehensive Income/(loss)	-	-	**-**
Difference in opening balance due to Restated balance sheet of AIESL and AIASL (Other equity)	(10.66)		**(10.66)**
Balance as at 31 March 2024	**1,103.70**	**-**	**1,103.70**
Fund transferred to the then AIL over and above assets/ liabilities received as at 31 March 2024	**(680,041.33)**	**-**	**(680,041.33)**

Previous year figures have been regrouped/ reclassified wherever required for comparison purpose.

Notes no. 1-57 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: 06-06-2020

For and on behalf of the Board of Directors

Sd/
Amit Kumar
Chairman and Managing Director
DIN 11001643

Sd/
Rajiv Kapoor
Chief Financial Officer

Sd/
Padam Lal Negi
Director
DIN 10041387

Sd/
Kavita Tanwar
Company Secretary
A29486

1 Management Replies - Final.indd 229 19-08-2026 6:26:43 PM

Notes forming part of the consolidated financial statements as at and for the year ended March 31, 2025

NOTE "1" : OVERVIEW & MATERIAL ACCOUNTING POLICIES

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 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 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 Group provides Domestic Air Transport Services which include Passenger, Cargo Services through AAAL, Ground Handling services through AIASL, Repairs/Maintenance/Overhaul Services of Airframe / Engines through AIESL, Hotel Services and other related services through HCI. The aircraft fleet of AAAL the airline subsidiary consists of ATR aircraft.

The Consolidated Financial Statements for the year ended 31st March, 2025 have been approved by the Board of Directors of the Company in their meeting held on 09-06-2026

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 2025 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:

1 Management Replies - Final.indd 231 19-08-2026 6:26:43 PM

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	AI Engineering Services Ltd. (AIESL)	India	100%
4	Hotel Corporation of India Ltd. (HCIL)	India	86.14%

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 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.

1 Management Replies - Final.indd 232 19-08-2026 6:26:43 PM

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. 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, 2025, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

F. Property Plant & Equipment

I. In case of Holding Company: -

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.

II. In case of Others: -

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

1 Management Replies - Final.indd 233 19-08-2026 6:26:43 PM

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.

G. Depreciation / Amortization

I. In case of Holding Company: -

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.

Depreciation on addition to assets provided for the full year of acquisition and no depreciation is provided in the year of disposal.

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.

II. In case of Others: -

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 of AAAL**, 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 :

i. Aircraft Rotables are depreciated over the residual average useful life of the related 'aircraft fleet' from the relevant year of purchase.

ii. 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.

iii. Major scheduled overhaul costs relating to engine and airframe are identified as separate components are depreciated over the expected lives between major overhauls.

iv. Cost incurred on major modifications/refurbishment on modernization/conversion carried to be depreciated over the useful life.

1 Management Replies - Final.indd 234 19-08-2026 6:26:43 PM

v. 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.

c **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.

d. 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.

e. In the case of HCI, heavy curtains are written off in the year of issue.

f. **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.

g. 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) ii 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

h. 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.

H. INTANGIBLE ASSETS

i. 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.

1 Management Replies - Final.indd 235 19-08-2026 6:26:44 PM

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.

ii. 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.

iii. 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.

iv. 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.

I. 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

J. 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.

1 Management Replies - Final.indd 236 19-08-2026 6:26:44 PM

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.

K 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

1 Management Replies - Final.indd 237 19-08-2026 6:26:44 PM

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)

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.

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

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.

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.

v. 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.

vi. 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.

vii. 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

1 Management Replies - Final.indd 238 19-08-2026 6:26:44 PM

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.

viii. 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 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.

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.

L. Revenue Recognition (Continued & Discontinued operations)

a. 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.

b. Government Grants

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.

c. 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.

d. 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.

1 Management Replies - Final.indd 239 19-08-2026 6:26:44 PM

e. 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.

f. 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.

g. 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.

h. 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.

1 Management Replies - Final.indd 240 19-08-2026 6:26:44 PM

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.

M. Assets Included in Disposal Group Held-for-Sale

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.

N. Employee Benefit Expenses

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.

O. 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.

1 Management Replies - Final.indd 241 19-08-2026 6:26:44 PM

P. Taxes on Income

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. 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.

b. 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.

c. 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.

d. 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.

1 Management Replies - Final.indd 242 19-08-2026 6:26:44 PM

Q. 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 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. **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.

d. **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.

e. **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.

R. Earning 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.

S. 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 (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:

iv. 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.

1 Management Replies - Final.indd 243 19-08-2026 6:26:44 PM

v. 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.

vi. 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.

vii. 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

viii. 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.

ix. 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.

iv. 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.

v. 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.

1 Management Replies - Final.indd 244 19-08-2026 6:26:44 PM

vi. De-recognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

vii. 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.

T. Borrowing Cost

i. 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.

ii. 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.

iii. A qualifying assets is one that necessarily takes substantial period of time to get ready for intended use.

iv. **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.

v. 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.

U. 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.

V. 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

1 Management Replies - Final.indd 245 19-08-2026 6:26:44 PM

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

W. Cash Flow Statement

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.

X. Earning Per Share (EPS)

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.

Y. Threshold Limit

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

In case of Holding Company :

Threshold Items	Unit	Threshold Value
Prior Period Expenditure/Revenue		
Restatement based on individual limits	₹ in million	100
Restatement based on overall limits		1% of Total Revenue of previous financial year
Fair Valuation of Financial Instruments	₹ in million	100
Procurement of Property, Plant and Equipments	₹	₹ 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

1 Management Replies - Final.indd 246 19-08-2026 6:26:44 PM

In case of AAAL:

Threshold Items	Unit	Threshold Value
Prior Period Expenditure/Revenue		
Restatement based on individual limits	₹ 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

In case of AIASL and HCIL there is no threshold limit

1 Management Replies - Final.indd 247 19-08-2026 6:26:44 PM

1 Management Replies - Final.indd 248

Notes to Consolidated Financial Statements For The Year Ended March 31, 2025

NOTE 2: PROPERTY, PLANT & EQUIPMENT

(₹ in million)

Particulars	GROSS BLOCK					DEPRECIATION				NET BLOCK	
	As at April 01, 2024	Additions	Other Adjustments	Disposals / Adjsutments	As at March 31, 2025	As at April 01, 2024	For the year	Deductions / Adjsutments	Total Upto March 31, 2025	As at March 31, 2025	As at March 31, 2024
TANGIBLE ASSETS :											
a) Office Equipment	0.05	-	-	-	0.05	0.02	0.01	-	0.03	0.02	0.03
b) Computer & Printers	0.02	-	-	-	0.02	0.00	0.01	-	0.01	0.01	0.02
c) Furniture & Fixture	0.11	-	-	-	0.11	0.02	0.01	-	0.03	0.08	0.09
TOTAL FOR TANGIBLE ASSETS	**0.18**	**-**	**-**	**-**	**0.18**	**0.04**	**0.03**	**-**	**0.07**	**0.11**	**0.14**
PREVIOUS YEAR	0.17	0.01	-	-	0.18	0.02	0.02	-	0.04	0.14	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 2024-25 and no discrepancy on physical verification has been found.

19-08-2026 6:26:44 PM

Notes to Consolidated Financial Statements For The Year Ended March 31, 2025

NOTE 3A: FUND TRANSFERRED TO THEN AIL OVER ASSETS/LIABILITIES RECEIVED

(₹ in million)

Sl. No.	Particulars	Non - Current		Current	
		As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
A	**Opening balance (Funds transferred to the then AIL over and above assets/ liabilities received)**	680,041.33	680,041.33		
B	**ASSETS/MONETIZATION PROCEEDS/LIABILITY TRANSFERRED BYTHE THEN AIL TO THE COMPANY**				
i	Garnishment of Fund by IATA in Devas Case (Refer Note No - 3.6)	47.32	-	-	-
	Value of assets/liabilities transferred by the then AIL (B)	**47.32**	**-**		
	Fund transferred to the then AIL over and above assets/liabilities received has been grouped under the "Other Equity" (A+B)	**679,994.01**	**680,041.33**	**-**	**-**
C	Air India Limited Reconciliation A/c (Refer Note No - 3.5)	-	-	2,820.51	2,689.08
	Net Recoverable from Air India Limited	-	-	**2,820.51**	**2,689.08**

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 ₹ 6,79,994.01 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 2024-25 (Previous Year Nil million). Further, an email dated 3rd August 2023 received from Dy Head MMG (DRDO) for levy for liquidated damages (LD) against the above recoverable. The company has taken up the matter of withheld amount of ₹ 318.35 million consisting of liquidated damages of ₹ 282.96 million with DRDO, ₹ 35.39 million TDS on GST from AIL and AIESL for deletion/waiver of LD as aircraft were delivered within the extended date of delivery i.e 15th June 2023. (Refer details at 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

1 Management Replies - Final.indd 249 19-08-2026 6:26:44 PM

the books of the Company since FY 2023-24. In the meetings held on 17th April 2025 and 11th June 2025 between between AIL, AIAHL and AIESL, it was decided to review the matter mutually by AIL and AIESL.

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 25.216 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 ₹ 2,820.51 million (Previous Year ₹ 2,689.08 million) AIL has indicated vide email dated 7th August, 2025 ₹ 94.19 million as amount payable to AIAHL by AIL (Previous Year ₹ 1,422.61 million amount claimed as receivable by 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 2024-25	FY 2023-24
Amount Recoverable from AIL (A)			
1	Recovery towards 6 Aircraft Maint. (Refer Note No. 3.4)	435.22	435.22
2	Rent Receivable	548.22	560.61
3	Garnishment of Fund by IATA (Refer Note No 3.6)	1,370.25	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	9.20	7.97
Total Recoverable (A)		**4,270.29**	**4,234.13**
Amount Payable to AIL (B)			
1	Provision towards Medical Bills claimed by AIL (Refer Note No. 3.9)	1,195.92	1,305.04
2	Property Maintenance & Provision for Expenses (Insurance, Security Sevices, Property Tax etc.)	253.86	240.01
Total Payable (B)		**1,449.78**	**1,545.05**
Net Recoverable from AIL (A-B)*		**2,820.51**	**2,689.08**

*Regarding above Recoverables from AIL, various meetings have been held on 17th April, 2025, 11th June 2025 and 12th Sept 25 between Air India and AIAHL officials and detailed point-wise discussion held for reconciliation.

1 Management Replies - Final.indd 250 19-08-2026 6:26:44 PM

Note 3.6: As per the email written by the then AIL dated 14th January 2022 to the GoI, AIL had 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 AIL has confirmed vide their email dated 18th Oct 2024, the receipt of IATA Garnishment funds in May 2023 totalling to ₹ 1,370.25 million and accordingly, the accounting impact of the difference of ₹ 47.32 million has been taken in the books of the company. Further, AIL has also remitted this amount ₹ 1,370.25 million to the company on 27th July 2025.

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 accounted 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. Further, in the meetings held in April/June/Sept 2025 noted that the AIL is using PSS as reservation system for earning operational revenue for Air India and thus the amount withheld by AIL for implementation costs at the time of disinvestment without any specific provision for AIAHL for absorbing this liability/expense, thus the funds withheld by AIL at the time of disinvestment in Jan 2022 be released to AIAHL. However, AIL suggested that the matter requires clarification from the GOI.

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. Further, in the above stated meeting, AIAHL stated that the matter needs to be settled in the light of documented decisions, including Framework Agreement between AIL & AIAHL for Interest servicing for AI issued NCDs which defines interest to be borne on an accrual basis by AIAHL effective 1st Oct 2018 and not for any earlier period on cash payment basis. AI stated that since this issue has been pending decision for quite some time it would be appropriate to seek the intervention of DIPAM/Govt for necessary resolution for which AI would send a reference to GOI.

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.

1 Management Replies - Final.indd 251 19-08-2026 6:26:44 PM

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 Claims amounting to ₹ 560.38 million have been paid/adjusted in FY 2022-23 and the claims aggregating to ₹ 36.43 million have not been accepted as these pertain to the period earlier/later than the agreed period . Further, in the FY 2024-25, ₹ 20.58 million medical claims of AIESL against Air India were adjusted and debited to Air India by AIAHL from the medical claims payable to Air India by AIAHL in terms of the decision taken in the 17th April 2025. Thus, the remaining Medical reimbursement claims of ₹ 1,195.90 million 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, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Security Deposits	-	-	0.01	0.01
Interest Accrued but not due on FDs	-	-	46.02	69.92
Other (Imprest & Advances)	-	-	-	0.11
Prepaid Expenses	-	-	486.81	505.70
Rent Receivable	-	-	765.43	682.73
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
Other Recoverable	-	-	5.13	1.23
Total	**114.00**	**114.00**	**1,303.40**	**1,793.22**

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. A Co-development agreement between AIAHL and MADC has been drafted by the Consultant in April 2025, which shall include a business plan awaited from AIESL, such co-development shall be approved subsequently.

Note: 4.2: Summary of grant received by the Company and its utilization during the financial year 2024-25 are as under: -

(₹ in million)

S. No.	Particulars	FY 2024-25	FY 2023-24
A	**Grant for servicing NCDs' interest**		
	Opening Un-spent Grant-in-aid-Interest*	31.22	-
	Add: GOI Grant funds received during the year for servicing NCDs' interest	8,181.80	6,500.00
	Add: Interest earned on grant funds*	58.25	31.22
	Less: Utilization of the GOI Grants for servicing NCDs' interest	8,181.80	6,500.00
	Net Unspent/(receivable) Grant*	**89.47**	**31.22**

1 Management Replies - Final.indd 252 19-08-2026 6:26:44 PM

B	**Grants & Other Funds received towards CGHS Subscription joining charges from AI Retirees joining during the year for the approved AIAHL medical scheme of GOI**		
	Opening Grant-in-aid (incl. Interest) Receivable for medical expenses*	(564.74)	(447.45)
	Add: GOI Grant funds received during the year	1,030.00	510.00
	Add: Funds Received during the year from eligible AI Retirees upon joining AIAHL Medical Scheme toward CGHS Subscription charges #	61.97	106.73
	Add: Interest earned on grant funds*	5.57	0.49
	Less: Utilization of the Grants for medical expenses	1,277.33	734.51
	Net Unspent/(receivable) Grant	**(744.53)**	**(564.74)**
C	**Grant for Tax indemnification matters of AIL (Refer Note No. - 4.3)**		
	Opening Un-spent Grant-in-aid for medical expenses	-	-
	Add: Grant received during the year	1,590.00	-
	Add: Interest earned on grant funds	0.51	-
	Less: Payment to AIL for tax indemnification matters	694.72	-
	Net Unspent/(receivable) Grant	**895.79**	**-**
D	**Interest earned on the GOI Equity Funds of Rs.571.40 million** received in July 24 from GOI in AIAHL for financial support to HCI released to HCI in two tranches in Oct 24 for equity investment by AIAHL in HCI	**5.64**	**-**
Net Unspent/(receivable) Grant in Aid (A+B+C+D)		**246.37**	**(533.52)**

 # CGHS Subscription funds aggregating to Rs. 279.67 million received since inception from the AI Retirees joining AIAHL Medical Scheme applied towards the AI Retirees Medical scheme expenses including the CGHS Subscription charges and the balance funds requirement sought as Medical grant from the Govt.

** Interest earned on short term parking in FDRs with SBI of the GOI Grant funds received for servicing NCD Interest, Medical expenses of AI Retirees and Tax Indemnification as also the Initial AIAHL Medical Scheme Subscription funds received from the joining AI Retirees payable to CGHS, shown as payable to GOI and informed to MoCA, GOI*

Note 4.3: Tax Indemnification Grants released to AIAHL by MoCA, GOI during the year are in terms of the provisions of the Clause 14 of the MoCA-AI-Talace Private Ltd. SPA (Share Purchase Agreement), extracts of which shared by the Legal Advisor appointed by DIPAM, GOI for AI Disinvestment process for certain Identified Contingent Tax liabilities (ICL) of Air India existing as on the date of disinvestment i.e. 27th Jan 2022 which were undertaken as obligation of the Govt of India for Tax Indemnification against which MoCA, GOI released Grant funds to AIAHL (SPV) formed for AI disinvestment transactions, for deposit directly by AIAHL with the tax authorities on the case by case recommendations of the Tax Advisor & Legal Advisor and approval of MoCA, GOI on the AI Tax indemnification claims.

NOTE 5: INCOME TAXES

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

1 Management Replies - Final.indd 253 19-08-2026 6:26:44 PM

(₹ in million)

Particulars	2024-25	2023-24
Current Tax	85.89	-
Deferred Tax	668.03	(3,760.44)
Tax Adjustment relating to tax expense for FY 2023-24	111.34	-
TOTAL	**865.26**	**(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 2025	For the year ended 31 March 2024
Profit / (Loss) before tax	(2,188.06)	(4,116.52)
Effective Income Tax Rate	25.17	25.17
Loss brought forward	15,383.32	16,028.08
Income Tax Expenses	85.89	-

The details of income tax assets and income tax liabilities as at March 31, 2025 and March 31, 2024:

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Tax Deducted at Source	-	-	344.48	589.07
Advance Self Assessment Tax	-	-	-	-
Less: Provision for Tax	-	-	85.89	-
Income Tax Recoverable	-	-	502.36	24.62
Total	**-**	**-**	**760.95**	**613.69**

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.

1 Management Replies - Final.indd 254 19-08-2026 6:26:44 PM

(₹ in million)

Particulars	As at March 31st, 2025	As at March 31st, 2024
Deferred tax liabilities on account of (DTL)		
Depreciation	0.00	0.00
Total deferred tax liability (A)	**0.00**	**0.00**
Deferred tax asset on account of (DTA)		
Unabsorbed depreciation & losses	3,092.41	3,760.44
40A(i) 30% expense	-	-
Other tax disallowances	-	-
Provision for employee benefits	-	-
Total deferred tax asset (B)	**3,092.41**	**3,760.44**
Net deferred tax asset (A-B)	**3,092.41**	**3,760.44**

NOTE 6: OTHER CURRENT ASSETS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
GST ITC Balance	-	-	67.84	81.44
Other	-	-	0.25	0.31
Total	**-**	**-**	**68.09**	**81.75**

NOTE 7: CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Cash and Cash Equivalents		
Cash on hand	-	-
Balance with Bank:		
Current Account	13.42	7.79
Fixed Deposits less than 3 months*	7,480.42	9,287.81
Total	**7,493.84**	**9,295.60**

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

1 Management Replies - Final.indd 255 19-08-2026 6:26:44 PM

NOTE 8: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Fixed Deposit against Margin Money for Alliance Air Aviation Ltd.'s SBLC/BG (Refer Note No - 23.ii)	2,386.70	2,284.20	-	-
Other Fixed Deposits (Refer Note No - 8.2)	-	-	173.00	2.20
Total	**2,386.70**	**2,284.20**	**173.00**	**2.20**

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

(₹ in million)

Particulars	As at March 31, 2025	As at March 31, 2024
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	75,265.23
	76,520.49	**76,520.49**
2. Others:-		
Non-current Assets		
Property, Plant & Equipment (Refer Note No 9.1)	8,718.91	8,642.91
Right of use assets (Refer Note No 52)	17,217.84	19,241.22
Capital work in Progress (Refer Note No 9.3)	1,140.15	1,139.39
Intangible Assets under development	18.14	14.54
Intangible Assets	53.97	67.96
Financial Assets:		
a) Loans	-	-
b) Other Financial Assets	1,381.90	2,146.05
c) Trade Receivables		
Income Tax Assets (Net) (Refer Note No 9.4)	1,447.64	1,132.42
Deferred Tax Assets (net) (Refer Note No 9.4)	2,386.57	2,366.31

1 Management Replies - Final.indd 256 19-08-2026 6:26:44 PM

Other Non Current Assets	8,326.18	7,181.31
Total of Others	**40,691.30**	**41,932.11**
Current Assets		
Inventories	514.59	392.33
Financial Assets:		
a) Trade Receivables	12,744.82	14,769.01
b) Cash and Cash Equivalents	4,374.08	2,572.84
c) Bank Balance other than (b) above	7,382.72	3,399.06
d) Loans	-	
e) Other Financial Assets	193.24	256.75
Income Tax Assets (Refer Note No 9.4)	937.56	381.99
Unreconciled recoverable of subsidiary	0.00	30.57
Other Current Assets	1,377.95	1,496.16
Total of Current Assets	**27,524.96**	**23,298.71**
Grand Total of Assets	**144,736.75**	**141,751.31**

**The Movable Properties have been book transferred from the then AIL to AIAHL without any physical hand-over takeover. The company appointed an external agency for identification and tagging of the movable assets. The agency submitted their asset tagging list in the FY 2022-23. The company has further initiated the process to reconcile and correlate the assets reported as not found. Further, upon correlation, X-ray baggage machine, walkie-talkie, assets at foreign location etc. identified and it was decided in the meeting held on 17th April, 2025 between AIL and AIAHL, that AIL to take back these ₹ 331.3 million worth of assets. Post this AI-AIAHL teams have held meetings to resolve the issues after which a necessary decision for issue of credit to AIAHL by AIL will be taken. For balance of un-identified/unreconcilied assets approriate accounting impact will be taken on approval. The final report is awaited.

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. 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. Nairobi Property (Sr.no.37 of Note 9.1.e.), H-1 buyer has been identified and bidding process has been completed in FY 2025-26 in association with local AI representatives. For the London Property (Sr.no.22 of Note 9.1.e.), bidding process has been completed and the processes leading to Sale documentation are expected to concluded and shall be accounted in FY 2025-26 accordingly.

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 meeting held on 10th October 2023, the process of transfer of building structures constructed on airport lands and movable assets located therein being used by the subsidiaries is to be completed in due course on discussion with the respective subsidiaries.

1 Management Replies - Final.indd 257 19-08-2026 6:26:45 PM

d. The company has classified the non-current asset (or disposal group) as held for sale as on 31st March, 2025 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 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 (FAR) at Hyderabad location (Previous Year; Delhi, Thiruvananthapuram and Kolkata). As per the physical verification report, 5887 line items has been identified as surplus which is not appearing in FAR but physically available at the location and 182 items have not been identified. The unidentified items having value of ₹ 0.33 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.

Further, additions of ₹ 820.62 million during the year includes ₹ 407.30 million of tools which are in the nature of Capital Items identified during the physical verification of Inventory and the same has been capitalised during FY 2024-25 at the purchase price available in RAMCO (excluding incidental cost, if any).

ii. **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. Also, Company has conducted the physical verification of assets as on 31st Mar, 2025 and the discrepancies observed in the course of reconciliation with the books will be considered in the year in which reconciliation is 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.

iii. **In case of AAAL**, (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 was conducted 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 2024-25.

(iii) 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 has been affected in FY 2024-25.

(iv) The Physical Verification of the Fixed Assets will be carried out in Financial Year 2025-26.

iv. **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.

There is no impairment of assets as envisaged under Indian Accounting Standards (Ind AS 36) 'Impairment of Assets'.

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 been carried out by the Company during the year and value of the same has been established as ₹ 969.39 million.Further, the company has identified that out of ₹ 969.39 million, ₹ 550.60 million of tools are in

1 Management Replies - Final.indd 258 19-08-2026 6:26:45 PM

the nature of Capital Items and the same has been capitalised during FY 2022-23 to FY 2024-25 at the purchase price available in RAMCO (excluding incidental cost, if any). Accordingly the value of physically verified inventory (as derived from RAMCO) is ₹ 418.79 million as against the book value of inventory of ₹ 728.06 million. Hence, ₹ 309.27 million has been the difference between physical balances and book balances (418.79 million - 728.06 million). Accordingly ₹ 309.27 million has been written-off against the provision for ₹ 500.00 million which had been made for likely reduction in the value of inventory in the FY 2022-23. Further, ₹ 52.76 million of inventory in shops/in transit is under verification. A provision of ₹ 26.38 Million, being 50% of ₹ 52.76 million, for likely shortage in the inventory under verification has been retained. Consequent to the above adjustments, amount of ₹ 164.35 million (i.e. ₹ 500.00 million less ₹ 309.27 million and ₹ 26.38 million) has been written back. Further ,the company has taken the purchase price as cost of the inventory (excluding incidental cost, if any) on the Balance Shet date.

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, 2025. 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,** 1. 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 (27th 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. Accordingly, The consumption has been booked based on FIFO basis from 23-24 onwards.

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. In the previous financial year (ie-2023-2024) in order 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 had been arrived at. The same issue was persisting in FY 24-25 as well, however the aforementioned exercise was not carried in the current year by the management and accordingly provision for the differential amount has not been accounted in the financial statements.

During the year, the company recorded consumption of Rs. 188.6 million based on reports extracted from the Laminaar System. Due to certain technical limitations, the system generated minor discrepancies in reports for the same date. As a result, the consumption figures were finalized and booked in the accounts based on External and Net Consumption reports taking one report as base, as approved by management. Although the differences are not material, the matter has been escalated to the Service Provider, and any necessary corrective actions will be implemented in FY 2025–26.

1 Management Replies - Final.indd 259 19-08-2026 6:26:45 PM

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 company has booked shortage amounting to Rs. 170.07 million ascertained on physical verification of the inventory in the FY 2023-24 and that in order to investigate the same the management has formed an internal committee. The investigation is under process and final report of the committee is awaited in this regard. Additionally, in respect of earlier provision of Rs. 47.00 million created during FY 2021-22, the investigation is under process and the same shall be completed in due course of time.

Based on differences observed during FY 2024-25 between physically available inventory and Inventory balances in Accounting System, the management has booked a provision amounting to Rs. 155.12 millions. The management is conducting a detailed exercise of reconciling the consumption records at all the locations and the actual impact of shortage or excess is currently unascertainable. The impact of the reconciliation will be taken into account in FY 2025-26.

The Physical Verification of Aircraft Inventory is done on a Biennial basis and the discrepancies observed in the year for which the physical verification was conducted and were adjusted.

The Company undertakes physical verification of aircraft inventory once every two years. During the Financial Year 2023–24, a comprehensive physical verification exercise was conducted across various store locations. As a result of this verification, discrepancies amounting to Rs.170.07 million were identified in the aircraft inventory. These discrepancies primarily related to shortages in physical stock as compared to the book records maintained in the inventory management system. Accordingly, a provision for shortages was created in the books of accounts for FY 2023–24 to reflect the loss in inventory value.

An internal Committee was formed by the company consisting of representatives from Engineering, Finance and MMD to investigate the reasons for shortages in the inventory during FY 2023–24.

In response to the discrepancies identified during the biennial physical verification, the Company constituted an internal committee comprising representatives from the Engineering Department, Finance Department, and Materials Management Department (MMD). The committee was tasked with conducting a detailed investigation into the causes of inventory shortages and reconciling the differences between physical stock and system records. The committee also reviewed operational practices, system controls, and documentation procedures at various store locations to identify gaps and recommend corrective actions. Due to certain system and programming limitations within the Laminaar inventory module, the consumption reports currently generated are reflecting minor discrepancies. This issue has been escalated to the Service Provider, and the system's programming is scheduled to be updated in alignment with the company's requirements during FY 2025–26.

An internal Committee was formed by the company consisting of representatives from Engineering, Finance and MMD to investigate the reasons for shortages in the inventory during FY 2023–24.

In response to the discrepancies identified initially during the biennial physical verification, the Company constituted an internal committee comprising representatives from the Engineering Department, Finance Department, and Materials Management Department (MMD). The committee was tasked with conducting a detailed investigation into the causes of inventory shortages and reconciling the differences between physical stock and system records. The committee also reviewed operational practices, system controls, and documentation procedures at various store locations to identify gaps and recommend corrective actions.

As part of the investigation process, the Physical Verification of Inventory has also been carried out in FY 2024–25. The physical verification of the Aircraft Inventory was conducted at Kolkata, Delhi, & Hyderabad.

As part of the committee's investigation, an additional round of physical verification was conducted during FY 2024–25 at three major store locations: Kolkata, Delhi, and Hyderabad. This verification aimed to validate the current inventory status, assess the accuracy of system records, and identify any unresolved discrepancies from previous years. The findings from this exercise formed the basis for further reconciliation and corrective measures.

The outcome of the investigation and physical verification is as follows:

1 Management Replies - Final.indd 260 19-08-2026 6:26:45 PM

Hyderabad Stores:

- Upon inquiry, the Hyderabad Stores Manager clarified that due to manpower shortages and persistent network issues at the airport, many inventory transactions were not recorded in Laminaar. Instead, manual registers were maintained to track inventory movements, which were not subsequently updated in the system.
- The discrepancy between system records and physical availability was attributed to short booking of consumption.

Delhi Stores:

- As of 31 March 2025, the total inventory recorded in Laminaar for Delhi Stores stood at Rs. 2964.0 million.
- This included Rs. 1907.5 million under a virtual location created during the migration from Air India's legacy inventory system (RAMCO) to Laminaar.
- Within this virtual stock, Rs. 71.34 million pertained to engine repair costs that were incorrectly classified as inventory. These costs had already been accounted for as expenses in prior financial years and should not be considered part of inventory. The necessary action will be taken in Laminaar System.
- The remaining Rs. 1194.1 million was virtually transferred from RAMCO to Laminaar; however, the details of physical items handed over by Air India during the store transition are being reconciled by the company. The Company will take up the matter with Air India to reconcile these inventories and obtain the physical stock related to ATR aircraft during FY 2025-26.
- Physical verification confirmed the presence of Rs. 1056.5 million worth of inventory at Delhi Stores.

Kolkata Stores:

- As of 31 March 2025, the total inventory recorded in Laminaar for Kolkata Stores was Rs. 118.9 million.
- Physical verification confirmed Rs. 9.00 million worth of inventory.
- The remaining Rs. 2.89 million could not be physically verified due to suboptimal storage conditions. However, the Kolkata Stores team has confirmed that these items are present and accounted for in the stock.

Accounting Action:

- Pursuant to the preliminary findings of the internal committee, the reasons for mismatch in the inventories have been identified which is the non booking of consumption on time at various bases however the necessary action in the Laminaar system will be taken in FY 2025-26.
- Additional Provision has been created for the discrepancy in inventory during the FY 2024-25 which will be adjusted in next Financial Year.
- The details of the outcome of Physical Verification of the Inventories carried out during FY 2024-25 are as follows:

	Amount in INR(Million)		**Remark**
Inventory Balances as per SAP for Last 2 years			
Particulars	**2023-24**	**2024-25**	
Opening Balance	440.25	257.99	
Purchases	270.85	220.47	
Consumption	(283.04)	(188.61)	
Closing Stock	**428.06**	**289.85**	
Less: Shortage Provision	(170.07)		
Closing Balance as per Books of Accounts	**257.99**	**289.85**	

1 Management Replies - Final.indd 261 19-08-2026 6:26:45 PM

Stock Value as per Laminaar for Physical Verification based on Roll Back of Data as on date of verification		138.13	Physical Inventory
		190.75	Virtual Location
Total Stock as on 31.03.2025 as per Laminaar System		**328.88**	
Value of Inventory found during Physical Verification		134.73	
Difference in closing balance in SAP & inventory found - Booked as "Provision for Shortages"		**155.12**	

Based on differences observed during FY 2024-25 between physically available inventory and Inventory balances in Accounting System, the management has booked a provision amounting to Rs. 155.12 millions. The management is conducting a detailed exercise of reconciling the consumption records at all the locations and the actual impact of shortage or excess is currently unascertainable. The impact of the reconciliation will be taken into account in FY 2025-26.

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, 2025	As at March 31, 2024
	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

1 Management Replies - Final.indd 262 19-08-2026 6:26:45 PM

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
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 airport*	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

1 Management Replies - Final.indd 263 19-08-2026 6:26:45 PM

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
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	2,917.63
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*	-	-
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*	-	-
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*	-	-
56	*Airlines House, CBO, Hat Hill, Lal Baug, Mangalore(Built Up Area – 1219.94 Sqm.)*	-	-
57	*Booking Office, Museum Rd., Vellayambalam, Thiruvanantpuram(Built Up Area –2190.33 Sqm.)*	-	-

1 Management Replies - Final.indd 264 19-08-2026 6:26:45 PM

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)*	-	-
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 - k)*	-	-
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 -k)*	-	-
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*	-	-
65	*Residential Land for,E Type Staff Quarters, Unit VIII in the New Capital Area, Bhubaneswar ,*	-	-
66	*CBO, Sy No – 2309/5, Aberdeen Village, Tagore Road, Port Blair (Refer Note No -k)*	-	-
	Total	**75,265.23**	**75,265.23**
	Less: Impairment	-	-
Total Net of Impairment		**75,265.23**	**75,265.23**

 # 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 2025 (₹ in million)	Balance as on 31st March 2024 (₹ in million)	Nos. of Items/ Assets as on 31st March 2025	Nos. of Items/ Assets as on 31st March 2024
1	Freehold Land & Building	3,323.62	3,323.62	9	9
2	Leasehold / others	68,617.38	68,617.38	38	38
3	Other Structures including MRO land at TRV *	3,324.23	3,324.23	2	2
	Total	**75,265.23**	**75,265.23**		

1 Management Replies - Final.indd 265 19-08-2026 6:26:45 PM

* 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 31.03.2025 is 292 Nos.(Previous year 292 Nos. as on 31.03.2024)

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 ₹ 66.69 million (Previous Year ₹ 44.83 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. 10 & 11 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 21st August, 2017. Further, AIAHL has taken up the matter with MoHUA vide letters dated 9th April 2025 and 8th May 2025 for fast track monetization of these properties.

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. 9.2) 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. AI vide their email dated 2nd Jan 2025 informed that AI would lend its name for litigation as interim measure and independetly proceed with the formalities to transfer the property under litigation to AIAHL. AI has since filed an Appeal before the Kolkata HC on 27th August 2025.

ii. Further, one encroached commercial land located at Patna (Refer serial no. 20 of Note No. 9.2) 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. AIAHL has taken up the matter with Chief Secretary of Bihar vide letter dated 16th May, 2024 followed by another letter dated 2nd Dec 2024 requesting Govt. of Bihar 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) 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) 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) and two properties at Jammu (Refer serial no. 21 & 42 of Note No. 9.2) for which vacation notice has been issued by allotting authority. AIAHL has filed writ petitions for stay and the court had granted the stay until HC Order dated 16th July, 2025 advising return of the properties to alloting agency against which the company is filing appeal in consultation with legal advisors.

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) 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.

1 Management Replies - Final.indd 266 19-08-2026 6:26:45 PM

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), 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). 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.

l. Property at Khajhuraho, MP, (Sr.no.32 of Note 9.2.) has been surrendered to the alloting authorities at compensation of Rs. 0.19 million, which is accounted as advance against sale/surrender of property awaiting handing/taking over documentation.

m. Land for Aircraft Maintenance base-MRO, Trivandrum (Sr.no.29 of Note 9.2.) with Rs.282.60 million book value has been ordered to be transferred to AIESL by Kerala Govt. Order dated 18th July 2025.

n. For Indian Airlines Staff Housing Colony & Sports Stadium Meennambakkan, Chennai, (Sr.no.24 of Note 9.2 with Rs.1336.74 million book value, MoCA, GOI has been requested by CMD AIAHL vide letter dated 14th August 2025 AAI to transfer sale consideration equivalent to Rs.2791.56 million being 50% of the value without considering any payment to the State Govt. advised earlier to AAI vide AIAHL letter dated 16th July 2025.

o. Nariman Point Building Plot no.235, Fort Division, Mumbai, (Sr.no.9 of Note 9.2 with Rs.5620.94 million book value)several reminders were sent to Govt. of Maharashtra from 26th April 2024 to the recent reminder dated 12th Feb 2026 requesting remittance of funds for GOI approved sale consideration of Rs.1601 crores. The Secretary, Govt. of Maharashtra vide letter dated 8th Jan 2025 informed that Govt. of Maharashtra is making necessary arrangements. Pursuant to PWD Govt. of Maharashtra letter seeking property documents followed by a site visit on 4th July 2025 by PWD officials of Govt. of Maharashtra, draft Handing over and Taking over Certificate (HOTO) and other property documents sent to PWD, Govt. of Maharashtra on 10th July 2025 followed with some more documents on 1st August 2025.

p. Residential Complex, CTE Hyderabad, Land Area 16 Acre (Sr.no.39 of Note 9.2 with Rs.2262.40 million book value) for which about 10 acres of land is shown in Land Revenue Records as "Military barracks" delaying transfer of title to AIAHL from Air India. On 5th July 2024 AIAHL wrote to authorities for rectification of land records as also held a meeting with DG, Defence Estates Officer, Delhi on 9th Dec 2024. As advised by the legal consultant, application dated 13th Oct 2025 submitted to Commissioner, Medchal Municipality, Medchal Malkajgiri Distt., Hyderabad, Architect engaged for making built drawings, Adjudication form submitted to Sub-Registrar office for adjudication of stamp duty for enabling transfer.

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 favor 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 favor of AIESL hence no further capital expenditure for the subject work has been incurred so far. AIESL intends to complete the project after necessary tying-up with OEM and obtaining related additional regulatory clearances. This also required significant infusion of funds for which AIESL is in talks with potential fund provider.

1 Management Replies - Final.indd 267 19-08-2026 6:26:45 PM

Note 9.4: Deferred & Income Taxes of Disposal Group

(₹ in million)

Particulars	2024-25				
	AIESL	AIASL	AAAL	HCI	Total
Non-current Assets					
Income tax Assets (Net)	-	802.37	645.27	-	**1,447.64**
Deferred Tax Assets *	1,751.35	635.16	-	-	**2,386.57**
Current Assets					
Income tax Assets (Net)	870.59	-	-	66.97	937.56
	2023-24				
Non-current Assets					
Income tax Assets (Net)	-	649.98	482.44	-	**1,132.42**
Deferred Tax Assets*	1,739.25	627.06	-	-	**2,366.31**
Current Assets					
Income tax Assets (Net)	330.52	-	51.47	-	**381.99**

* **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	2024-25	2023-24
Current Tax	970.16	1,407.22
Deferred Tax Expense/(Income)	(12.09)	(189.12)
Tax Adjustment relating to earlier year#	36.76	(83.97)
TOTAL	**994.83**	**1,134.13**

#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 2025	For the year ended 31 March 2024
Profit / (Loss) before tax	**3,833.12**	**6,305.77**
Total Taxable Income (A)	3,854.74	5,445.61
Carry Forward Loss (B)	-	-

1 Management Replies - Final.indd 268 19-08-2026 6:26:45 PM

Net Taxable Income (A-B)	**3,854.74**	**5,445.61**
Effective Income Tax Rate (%)	25.17	25.17
Loss brought forward	-	-
Income tax recognized in the statement of profit and loss	970.16	1,407.22

The details of income tax assets and income tax liabilities as at March 31, 2025 and March 31, 2024:

(₹ in million)

Particulars	**As at March 31, 2025**		**As at March 31, 2024**	
	Non - Current	**Current**	**Non - Current**	**Current**
Total Advance payment for Income Tax and TDS	-	1,840.75	-	1,737.74
Less: Provision for Tax	-	970.16	-	1,407.22
Total	**-**	**870.59**	**-**	**330.52**

The movement in gross deferred income tax assets and liabilities (before set off) for the year ended March 31, 2025 is as follows:

(₹ in million)

Particulars	**As at March 31st, 2025**	**As at March 31st, 2024**
Deferred tax liabilities on account of (DTL)		
Depreciation	64.00	90.38
Total deferred tax liability	**64.00**	**90.38**
Deferred tax asset on account of (DTA)		
Provision for doubtful advances	-	-
Provision for expected credit loss	151.44	168.40
Provision for employee benefits	951.46	1,033.59
Net ROU/Lease Liability	11.95	11.64
40A(i) 30% expenses	-	31.77
43B(h) Disallowances	14.35	4.60
Provision for Inventory obsolescence/reco.	6.64	125.84
Other tax disallowances / (allowances)	679.51	453.78
Total deferred tax asset	**1,815.35**	**1,829.64**
Net deferred tax asset	**1,751.35**	**1,739.26**

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

1 Management Replies - Final.indd 269 19-08-2026 6:26:45 PM

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, 2025	As at March 31st, 2024
Deferred tax asset (net)	1,815.35	1,829.64
Deferred tax liability (net)	64.00	90.38
Total	**1,751.35**	**1,739.26**

In case of AIASL:

(a) Income tax recognised in Statement of Profit and loss **(₹ in million)**

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
Current tax expense (A)		
Current year	19.64	187.09
Short/(excess) provision of earlier years (B)		
Short provision for tax for earlier years	-	-
Deferred tax expense (C)		
Origination and reversal of temporary differences	(8.09)	179.70
Tax expense recognised in the income statement (A+B+C)	**11.55**	**366.79**

(b) Income tax recognised in other comprehensive income **(₹ in million)**

Particulars	Year Ended March 31, 2025			Year Ended March 31, 2024		
	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	(6.23)	-	(6.23)	126.55	-	126.55
	(6.23)	**-**	**(6.23)**	**126.55**	**-**	**126.55**

(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

(₹ in million)

Particulars	Year Ended March 31, 2025	Year Ended March 31, 2024
Profit before tax	40.93	771.05

1 Management Replies - Final.indd 270 19-08-2026 6:26:45 PM

Enacted tax rate in India	25.168%	0.25
Expected income tax expense at statutory rate (A)	19.64	187.09
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	19.64	187.09
Impact of deferred tax	(8.09)	179.70
Income tax recognized in the statement of profit and loss (including deferred tax)	**11.55**	**366.79**

(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, 2025	As at March 31, 2024
Deferred tax liabilities	(231.12)	(210.99)
Deferred tax assets	1,030.00	1,001.78
Total	**798.88**	**790.79**

Significant component of deferred tax assets / (liabilities) and movement during the year are as under:

(₹ in million)

Particulars	As at March 31, 2024	For the year ended March 31, 2025		As at March 31, 2025
		Recognized through P&L	Recognized through OCI	
Deferred tax balance in relation to				
Deferred tax asset of earlier years	-	-	-	-
Property, plant & equipment	(210.99)	(20.13)	-	(231.12)
Provision for employee benefits	679.05	14.91	-	693.96
Provision for inventories	0.74	0.02	-	0.76
Expected credit loss	321.99	13.29	-	335.28
Total	**790.79**	**8.09**	**-**	**798.88**

(₹ 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)

1 Management Replies - Final.indd 271 19-08-2026 6:26:45 PM

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**	**(179.69)**	**-**	**790.79**

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 was operationalized in February 2013 and commenced its autonomous operationalization from F.Y 2014-15. The Company is profitable 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 9.6: 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 issued Office Memorandum and directed to state that Air India Specific Alternative Mechanism (AISAM) to re-initiate

1 Management Replies - Final.indd 272 19-08-2026 6:26:45 PM

the process of disinvestment of Air India and its subsidiaries by circulation. Accordingly, the then AIL and Air India Express Limited have 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 of Inter-Ministerial Group-IMG were held on 18th Nov 2024 and on 7th July 2025 (AAAL) and meetings held between MoCA and DIPAM on 25th April 2025 for AIESL.

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-25		As at 31-Mar-24	
	Number in Million	₹ in million	Number in Million	₹ in million
Authorised Capital				
Equity Shares of Rs 10/- each	70,000.00	700,000.00	70,000.00	700,000.00
Issued, Subscribed and Fully Paid up Capital				
Equity Shares of Rs 10/- each	63,022.59	630,225.90	62,965.45	629,654.50
	63,022.59	**630,225.90**	**62,965.45**	**629,654.50**

Details of Shareholding in excess of 5%

Number in Million

Name of Shareholder	As at 31-Mar-25		As at 31-Mar-24	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	63,022.59	100%	62,965.45	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-25		As at 31-Mar-24	
	Number in Million	₹ in million	Number in Million	₹ in million
At the beginning of the year	62,965.45	629,654.50	62,365.45	623,654.50
Issued during the Year	57.14	571.40	600.00	6,000.00
Outstanding at the end of the year	**63,022.59**	**630,225.90**	**62,965.45**	**629,654.50**

1 Management Replies - Final.indd 273 19-08-2026 6:26:45 PM

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 57.14 million of Equity Shares in FY 2024-25 (Previous Year i.e. in FY 2023-24, 600.00 million (AAAL) nos. Equity Shares issued in two tranches) to the Government of India and transferred the amount received to the subsidiary (HCI) as financial support.
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-25		As at 31-Mar-24	
	Number of shares held	%	Number of shares held	%
Min. of Civil Aviation Representatives, Govt. of India, on behalf of the President of India	63,022.59	100%	62,965.45	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-25		As at 31-Mar-24	
Surplus in Statement of Profit and Loss :				
Balance as per last Balance Sheet		1,396.97		210.22
Non-Controlling Interest*		(114.41)		(125.34)
Difference in opening balance due to Restated balance sheet of Subsidiaries (Other equity)**		(5.14)		282.61
Share issue expenses in case of HCI		(4.50)	-	-
Profit for the year**	(1,039.21)		1,029.48	
Less:				
Transfer to General Reserve	-		-	
Add: Prior Period Adjustments	-		-	
Less: Prior Period Adjustments	-		-	
Net Surplus		(1,039.21)		1,029.48
Total Reserves & Surplus		**233.70**		**1,396.97**

*Non-Controlling Interest represents 13.8646% shares in current year profit and loss of minority shareholders.

**The difference in opening balance of other equity is due to restated balance sheet of subsidiary companies resulting in net increase in other equity by Rs.282.61 million and Rs. 3.34 million in Profit for the year 2023-24

1 Management Replies - Final.indd 274 19-08-2026 6:26:45 PM

(previously states at Rs. 1026.14 million) and in case of HCI decrease in other equity for the current financial year amounting to Rs.5.14 million. The restatement has been done based on subsidiary's financial statements.

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 Consolidated Financial Statements For The Year Ended March 31, 2025

NOTE 12: BORROWINGS

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
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	**149,850.00**	**149,850.00**	**-**	**-**

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 dates.

NOTE 13: OTHER FINANCIAL LIABILITIES

(₹ in million)

Particulars	Non - Current		Current	
	As at March 31, 2025	As at March 31, 2024	As at March 31, 2025	As at March 31, 2024
Interest Accrued on NCDs but not due for payment	-	-	4,998.04	5,014.64
Deposit transferred - JDC arrears against housing colonies *	-	-	96.80	96.80
Grant-in-aid from GoI (Refer Note No 4.2)	-	-	246.37	-
Others (including EMD)	-	-	0.33	1.70
Total	**-**	**-**	**5,341.54**	**5,113.14**

* 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.

1 Management Replies - Final.indd 275 19-08-2026 6:26:45 PM

NOTE 14: TRADE PAYABLE

(₹ in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Trade Payables		
- Micro Small and Medium Enterprises	0.30	0.87
- Other Payables	2.37	4.91
Total	**2.67**	**5.78**

Ageing of trade payables

As at March 31, 2025 **(₹ 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)		0.30	-	-	-	**0.30**
(i) Undisputed dues (Others)		0.94	0.01	1.42	-	**2.37**
(iii) Disputed dues (MSEs)						**-**
(iv) Disputed dues (Others)						**-**
Total	**-**	**1.24**	**0.01**	**1.42**	**-**	**2.67**

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 15: PROVISIONS

(₹ in million)

Particulars	Non - Current		Current	
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
Provision for Expenses	-	-	1,538.59	1,664.39
Total	**-**	**-**	**1,538.59**	**1,664.39**

Note: Provision for expenses include estimated property tax and stamp duty on immovable properties (held for sale) of previous years have been reassessed and reduced by Rs. 90.73 million.

1 Management Replies - Final.indd 276 19-08-2026 6:26:46 PM

NOTE 16: OTHER CURRENT LIABILITIES

(₹ in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Statutory Dues		
Other	5.67	4.52
Total	**6.68**	**5.02**

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

(₹ in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Non Current Liabilities		
a) Borrowings	0.00	-
b) Lease Liability	17,170.39	19,776.08
c) Other Financial Liabilities	104.84	47.78
d) Provisions	9,020.34	9,874.23
e) Other Non Current Liabilities	-	-
Total Non Current Liabilities	**26,295.57**	**29,698.09**
Current Liabilities		
a) Borrowings	-	-
b) Lease Liability	5,404.56	4,141.00
c) Financial Liabilities		
i) Trade Payables	16,902.69	13,595.78
ii) Other Financial Liabilities	2,146.28	1,970.37
d) Other Current Liabilities	2,148.04	2,260.72
e) Provisions	1,913.90	2,159.62
Total Current Liabilities	**28,515.47**	**24,127.49**
Sub-Total-A (Non Current & Current Liabilities)	**54,811.04**	**53,825.58**
Liabilities against Assets included in Disposal Group Held for Sale		
Advance Received against sale of Properties (Refer Note No - 17.1)	91.42	69.36
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	50.28
Sub-Total-B	**933.65**	**911.59**
Grand-Total-A+B	**55,744.69**	**54,737.17**

1 Management Replies - Final.indd 277 19-08-2026 6:26:46 PM

Note 17.1: Out of ₹ 91.42 million advance received against sale of properties, the then AIL had initiated the process of monetization and an advance as liability of ₹ ₹ 66.69 million (Previous Year ₹ 44.83 million) against sale of unsold properties and the company has received advance against sale consideration of ₹ 24.73 million (Previous Year ₹ 98.83 million) for two properties namely Besant Nagar Property (Sr.no.23 of Note 9.1.e) and surrender of Khajuraho Property (Sr.no.32 of Note 9.1.e) awaiting completion of the sale/surrender documentation.

Further, the abovesaid advances include restatement of advance of ₹ 21.86 million towards sale of land for housing colony at NCC Nagar, Thiruvananthapuram, which had been forfeited and accounted as income in FY 2023-24 by the company in terms of the tender conditions as the bidder failed to pay the balance amount even after repeated reminders. However, the bidder had send a legal notice to AIL and MSTC to refund the entire amount with 18% interest. Further, the bidder had also approached Delhi High Court, Mediation & Conciliation Centre for pre-litigation mediation in money recovery dispute vide letter dated 4/5th July, 2024 and as per the 9th Mediation meeting held on 29th Jan 2025, it was decided that the bidder will pay the balance amount i.e. ₹ 20.90 million plus 7% interest from last date of payment i.e.10th Feb 2022 till the date of settlement and based on the decision, the advance amount which was forfeited earlier has now been restated and in addition to this, the Interest receivable as per the aforesaid decision has been accounted.

Note 17.2: Pursuant to a proposal to setup an AIrport in Navi Mumbai, the then AIL sought allotment land from City and Industrial Development Corporation (CIDCO) and entered into lease agreement for allotment of land measuring 1,00,021.64 sq. mtrs. with CIDCO dated 13th Jan, 1992 and subsequently AIL constructed 508 flats in 25 residential towers on 34,347.45 sq. mtrs. and balance approx. 65,674.15 sq. mtrs. is vacant and thereafter it was proposed to sell those residential flats on outright basis to its employees. Out of 508 flats, the then AIL had received ₹ 415.33 million for sale of 358 flats either in full or 10% of the sale consideration. The then AIL vide its credit note number 6 dated 31st March 2022 transferred the aforesaid advance of ₹ 415.33 million to the company against the proposed sale of flats which are yet to be executed. The said property has also been transferred by the then AIL to the Company. Further, the Company has initiated the process of transfer of agreement to lease from AIL to the Company.

Further, 335 flats out of 508 flats sold by the then AIL to its employees who had also formed five co-operative societies, and 173 flats are vacant.

Furthermore, 12 buyers/employees of AIL who had paid 10% EMD amount to AI as advance for the aforesaid flat filed writ petition in the Bombay High Cour(2763 of 2017 dated 11th Sept, 2017 and 3065 of 2021 dated 9th July, 2021) with a prayer that AIL and/or CIDCO be directed to accept the balance payment towards cost of the respective flats and thereafter issue the final allotment letters to the petitioners. The Hon'ble Court in its judgement dated 16th April, 2025 has dismissed the petition at the outset as to the claim on flats and directed AIAHL to refund 10% and based on the judgement the company has issued cheques dated 14th May, 2025 to all 12 Petitioners.

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. Due to non-availability of supporting documents, the company is following up with AI/CIDCO for advising details of the expenses in this regard.

Note 17.4: The property listed at Sr.No.8 of Note 9.1.e. 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 in September 2025 and a Deed of Transfer amongst parties (AIAHL, AI and SD Corporation) is under process of execution in consultation with AIAHL legal advisors.

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 2024-25 are as under: -

1 Management Replies - Final.indd 278 19-08-2026 6:26:46 PM

(₹ in million)

Particulars	As at March 31, 2025	As at March 31, 2024
Opening Un-spent Grant-in-aid	119.40	375.07
Total of budgetary support/Grants received by the Company from Min. of Civil Aviation, GOI	-	-
Grant utilized for SESF Expenses *	31.42	255.67
Grant returned during the year & unadjusted advance	55.00	-
Total Unspent Grant in Aid	**32.98**	**119.40**

* Including Rs 15.57 Millions advance payment and Rs 9.16 Million balance payable to BEL.

NOTE 18: OTHER INCOME

(₹ in million)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Rent from properties held for sale	571.74	1,193.82
Total	**571.74**	**1,193.82**

NOTE 18.1: OTHER MISCELLANEOUS INCOME

(₹ in million)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Grant-in-aid from GoI (Refer Note No- 4.2)	9,510.30	7,234.51
Interest Income on FDRs	341.25	425.33
Advance Forfeited (Sale of properties)	0.01	24.63
Profit on Properties sold	-	168.46
Interest on Income Tax Refund	-	17.07
Provision/Liabilities no Longer Required (Net)	74.94	-
Misc. Income	7.25	25.39
Total	**9,933.75**	**7,895.39**

NOTE 19: EMPLOYEE BENEFIT EXPENSES

(₹ in million)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Salaries and Wages	38.70	17.30
Total	**38.70**	**17.30**

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.

1 Management Replies - Final.indd 279 19-08-2026 6:26:46 PM

NOTE 20: FINANCE COST

(₹ in million)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Interest on NCDs of AIAHL	11,057.31	11,090.52
Interest on Overdrafts	0.80	-
Total	**11,058.11**	**11,090.52**

NOTE 21: OTHER EXPENSES

(₹ in million)

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
NCD's & Equity Related Expenses	1.26	0.32
Legal And Professional Expenses	14.83	9.05
Meeting Related Expenses	0.01	0.16
Advertisement Expenses	1.67	1.25
Medical Expenses AIL Eligible Employees (Refer Note No. 3.9)	1,328.50	745.54
Bank Charges	0.02	0.03
Conveyance & Fuel Expenses	0.70	0.70
Lease Rent Expenses	16.69	96.24
Repair & Maintenance Expenses	12.67	133.14
Electricity Consumption Charges	76.10	19.46
Water Charges	5.88	2.22
Property & Monetization Related Expenses	1.02	4.89
NGMA Expenses Refer Note No. 21.1)	20.12	-
Insurance Expenses	15.76	11.25
Manpower Supply services	58.28	59.50
Printing & Stationary	1.18	0.38
Secretarial Expenses	0.02	0.12
Rates & Taxes (Refer Note No. 21.2)	38.39	1,010.33
Telephone Expenses	0.12	0.10
Travel, Boarding & Lodging Expenses	1.27	0.80
Office Expenses	0.63	0.55
Misc. Expenses	0.69	0.97
Remuneration To Statutory Auditor		
- Audit fees	0.54	0.45
- Out of Pocket Expenses	-	0.07
Other audit fees (Tax, Internal Audit & Limited Review Fees)	0.36	0.37
Total	**1,596.71**	**2,097.89**

1 Management Replies - Final.indd 280 19-08-2026 6:26:46 PM

Note 21.1: NGMA Expenses represents expenditure incurred by AIAHL towards transfer, insurance and transportation of Art and Artefacts decided to be transferred to National Gallery of Modern Art (NGMA) in terms of the multiparty MoU dated 18th Jan 2023

Note 21.2: Rates and Taxes includes property tax and stamp duty on immovable properties (held for sale) calculated on estimation basis. Accordingly, the additional provision of ₹ 38.39 million (net) (Previous Year ₹ 1,010.33 million) has been created during the year.

NOTE NO: 21A PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS

(₹ in million)

PROFIT/ (LOSS) FROM DISCONTINUED OPERATIONS	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Revenue		
i) Scheduled Traffic Services	4,344.46	6,036.91
ii) Non-Scheduled Traffic Services	3,655.77	3,331.57
iii) Technical and other handling service	26,487.42	28,928.74
iv) Other Operating Revenue	539.24	174.75
Total Revenue	**35,026.89**	**38,471.97**
Other Income	1,375.50	991.91
Total Revenue	**36,402.39**	**39,463.88**
Expenses		
1. Aircraft Fuel & Oil	2,122.82	2,811.30
2. Cost of raw material consumed	88.81	148.28
3. Other Operating Expenses	3,001.96	3,809.56
4. Employee Benefit Expenses	18,383.12	15,491.76
5. Finance Costs	1,484.14	1,176.74
6. Depreciation and Amortization	3,924.20	3,679.39
7. Other Expenses	5,601.42	6,914.68
Total Expenses	**34,606.47**	**34,031.71**
Profit/(Loss) Before Exceptional &Tax	**1,795.92**	**5,432.17**
Add/(Less): Exceptional Items	1,208.30	(2,595.03)
Profit/(Loss) Before Tax	**3,004.22**	**2,837.14**
Tax Expenses:		
1. Current Tax	989.80	1,594.31
2. Deferred Tax Income	(20.19)	(9.42)
3. IncomeTax for Earlier Years	36.76	(83.97)
Total Tax Expenses	**1,006.37**	**1,500.92**
Profit/(Loss) after Tax for the year	**1,997.85**	**1,336.22**

1 Management Replies - Final.indd 281 19-08-2026 6:26:46 PM

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	(98.15)	(76.00)
ii) Income Tax relating to Re-measurements of Defined Benefit Plans		-
Total Other Comprehensive Income	**(98.15)**	**(76.00)**
Total Comprehensive Income for the year	**1,899.70**	**1,260.22**

NOTE "22": EARNING PER SHARE

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

Particulars	For the Year ended March 31, 2025	For the Year ended March 31, 2024
Profit available for appropriation as per Profit & Loss Statement from Continuing operations (₹ in million)	(3,053.32)	(356.08)
No. of equity shares outstanding for the year (Refer Note 10)	63,022.59	62,965.45
Weighted average No. of equity shares outstanding during the year (₹ in million)	63,010.07	62,771.38
Basic EPS (₹)	(0.05)	(0.01)
Diluted EPS (₹)	(0.05)	(0.01)
Face value per equity share (₹)	10	10

23. PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS & COMMITMENTS

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, 2025	Balance as on March 31, 2024
1	Income Tax Demand Notices received by the Group which are under dispute / Appeal	1,801.42	1,751.44
2	GST Demand & Interest on GST Demand	557.09	637.30
3	Interest on dues payable to AAI/DIAL/MIAL	1,013.46	909.06
4	Service Tax & Luxury Tax demanded by the Tax Authority	58.00	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	-	-
8	Premium payable on fore shore land of erstwhile Centaur Hotel Juhu Beach to Government of Maharashtra	44.80	44.80

1 Management Replies - Final.indd 282 19-08-2026 6:26:46 PM

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	52.75	43.87
12	Other Claims on account of Staff/Civil/Arbitration Cases pending in Courts	Amount not Ascertainable	Amount not Ascertainable
13	SEBI LODR	3.75	8.90
14	DRDO	318.35	318.35
	Total	**3,930.27**	**3,875.26**

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. The dues, if any, towards property taxes/ house Tax, stamp duty and/or any other claim has not been accounted for where the same are unascertainable.

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 ₹ 3.75 million (Previous year ₹ 8.90 million) as on 31.03.2025

   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 had 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 deducted by DRDO on AIL GST invoicing against the recoverable from DRDO transferred by the then AIL. The company has taken up the matter of the deductions for withheld amount payable to AIAHL for the liquidated damages deductions 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. Further, AIAHL vide its letter dated 29th April, 2025 and email dated 4th September, 2025 requested DRDO to expedite the release of the Liquidated damages withheld on priority which has been deducted by DRDO. Company has provided the breakdown of withheld amounts to DRDO vide its email dated 12th September, 2025 for release of withheld amount.

1 Management Replies - Final.indd 283 19-08-2026 6:26:46 PM

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.
4	2017-18	135.72	48.86	184.58	Appeal was filed before CIT(A) on 28.08.2020.
5	2018-19	261.11	62.66	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, 2025 will be ₹ 391.62 million (Previous Year ₹ 314.55 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	13.34
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

1 Management Replies - Final.indd 284 19-08-2026 6:26:46 PM

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				**312.64**

GST demands including interest against notices received by the Company

S.No.	Particulars	FY	Notice Status	₹ in million
1	Punjab	2020-2021	GST Notice	31.37
2	Tamil Nadu	2020-2021	GST Notice	0.10
3	Uttar Pradesh	2019-2020 and 2024-25	GST Notice	55.30
4	Delhi	2017-2021	GST Notice	3.66
5	Chhattisgarh	2020-2021	GST Notice	0.30
6	Madhya Pradesh	2018-2023	GST Notice	0.01
7	Maharashtra	2020-2021	GST Notice	15.01
			Total	**105.75**

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	244.26
2	Rajasthan	2017-2020	Appeal filed	0.80
3	Bihar	2017-2020	Appeal filed	11.32
4	Odhisha	2019-2020	GST Notice	3.62
5	Kerala	2018-2019	Appeal filed	65.95
6	Tamil Nadu	2018-2021	Application for rectification of order filed/ Appeal filed	107.29
7	West Bengal	2018-2021	Appeal filed	6.32
8	Assam	2018-2020	Appeal filed	8.17
9	Chandigarh	2018-2020	Appeal filed	0.01
10	Uttar Pradesh	2018-2021	Appeal filed	3.60
			Total	**451.34**

NOTE: Interest on GST demands calculated till 31st March, 2025 and Interest on Income Tax demands considered as per Income Tax portal. Further, penalty as per GST order/notice considered.

1 Management Replies - Final.indd 285 19-08-2026 6:26:46 PM

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 services till the date of normal retirement, i.e., December 31, 2016.	M L Shetty	CGIT 2/12-2016 Pending for hearing	0.21
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	1.50
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	1.50
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	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			**13.31**

h. In Case of AAAL:

The Contingent Liability of Rs. 883.48 million includes Income Tax Demand of Rs. 844.04 million (inculding Interest on TDS as calculated by Traces) and unsettled legal claims of Rs. 39.44 million in respect of ongoing legal cases.

i. In Case of HCIL:

i. Claims of Service Tax amounting to Rs. 58 million for which the Company has preferred appeals

ii. 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 .

1 Management Replies - Final.indd 286 19-08-2026 6:26:46 PM

iii. 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.

iv. 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 620.36 million(previous year Rs. 601.15 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 1013.10 million (previous year 939.28 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 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.

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 ₹ 6,132.15 million). Out of this, USD 45.60 million (equivalent to ₹ 3,897.66 million) is the Corporate Guarantee, USD 19.05 million (equivalent to ₹ 1,628.30 million) is in the form SBLC, and USD 7.09 million (equivalent to ₹

1 Management Replies - Final.indd 287 19-08-2026 6:26:46 PM

606.19 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 ₹ 2,386.70 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 ₹ 3,256.60 million). FEDAI spot rate (85.4750) as on 31st March 2025 has been adopted for the conversion of USD into ₹. The expenses in relation to the same incurred by the Company amounting to ₹ 31.80 million (Previous Year ₹ 23.25 million) have been transferred to the subsidiary for reimbursement of the same.

In the case of Subsidiary AIESL :

The company has given Performance Guarantee (BG) amounting to ₹ 42.3 million (previous year ₹ 58.79 million) to (i) Bangalore International Airport Limited (BIAL) amounting to ₹ 1.00 million, (ii) Center For Airborne Systems (CABS) ₹ 2.52 million, (iii) Nepal Airline Corporation ₹ 9.99 million and (iv) Ministry of Defence ₹ 28.79 million for due performance of the obligation under the contract. Further, the company has given a letter of credit to Messier Goodrich Society ₹ 38.09 for import of material.

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 2025	As at 31st March 2024
		(₹ 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 : Capital contract commitments and long-term commitments is ₹ 502.75 millions as on March 31, 2025 (previous year ₹ 529.60 millions). Summary of Capital commitments are as below:

(₹ in million)

S.No.	Particulars	March 31, 2025	March 31, 2024
1	Intangible assets	32.40	54.08
2	Ramp equipments*	23.86	21.86
3	Computers*	-	7.86
4	Vehicles		-
5	Furniture and fixtures		-
6	Workshop equipment & instruments		-
7	Office equipments	0.69	-
8	Unity Complex	445.80	445.80
	Total	**502.75**	**529.60**

* Capital commitments shown as on March 31st, 2025 related to FY 2024-25

1 Management Replies - Final.indd 288 19-08-2026 6:26:46 PM

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 2025	For the year ended 31 March 2024 (Restated)*
1	Balance as at beginning of the year	694.97	677.17
2	Provisions created during the year	-	-
3	Interest accretion on provisions during the year	9.87	4.80
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	18.28	13.00
	Balance as at end of the year	**723.12**	**694.97**
	Balance as at end of the year - non-current	**723.12**	**694.97**
	Balance as at end of the year - current	**-**	**-**

* During the year ended March 31st , 2025 the management observed that 02 Aircraft from the lessor M/s AVAP had an extension of lease period by 04 years for which the amendment agreement was signed in FY 2019-20 , however the lease modification impact as per IND AS 116 was not taken in previous Financial Statements due to error. Consequently, the present value of Redelivery liability has also been restated in accordance with IND AS 116 in the Financial Statement.

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 ₹ 15.85 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, 2025	As at March 31, 2024
Share of company / ownership interest	50%	50%
Income - company's share	76.80	78.60

1 Management Replies - Final.indd 289 19-08-2026 6:26:46 PM

Expenditure - company's share	45.10	43.80
Profit - company's share	31.70	34.80
Share of income of joint working group of the company with HAL	15.85	17.40
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 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, 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.

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. INVENTORIES IN CASE OF SUBSIDIARY AAAL

i. 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.

ii. 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.

iii. As at year end Physical Verification of Inventory has been carried out

iv. 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

1 Management Replies - Final.indd 290 19-08-2026 6:26:46 PM

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.

During the Financial Year 2024-25, the company has recognized a provision for obsolescence amounting to Rs. 79.75 Million. The provision has been created based on the expected lease term of the aircraft. This provision related to spare parts and are specifically attributable to the aircraft and are not expected to be ordinarily utilized beyond the said lease term.

29. WHISTLEBLOWER COMPLAINT STATUS IN CASE OF SUBSIDIARY AAAL

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.

The accounting impact for the period of January 2024 to March 2024 has already been taken in FY 2023-24 and the impact for April to July 2024 has been taken in FY 2024-25.

30. EXCEPTIONAL ITEMS IN CASE OF SUBSIDIARY AIESL

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. 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 in FY 2023-24. After the negotitions with stake holders by the committee constituted by the MOCA, differential liability to the extent of ₹ 1,208.30 million has been written back.

31. REMUNERATION TO STATUTORY AUDITORS

The details of the audit fees and out of pocket expenses are as under:

(₹ in million)

Particulars	F.Y. 2024-25	F.Y. 2023-24
Audit Fees including quarterly review	2.87	2.75
Out of Pocket Expenses	0.09	0.21
Other audit fees (Tax Audit & Limited Review Fees)	0.57	0.43
Total	**3.53**	**3.39**

The above amount includes remuneration to statutory auditors for entities held for sale amounting to ₹2.63 million (Previous year ₹2.45 million)

32. RECONCILIATION / CONFIRMATION

In case of Holding Company, The Company has sought the confirmation of balances for major receivables and payables as on 31st March 2025. 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 amounting to ₹ 67.84 million and as per GST portal amounting to ₹ 21.90 million are in the process of reconciliation.

In case of AIESL:

(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

1 Management Replies - Final.indd 291 19-08-2026 6:26:46 PM

of the Company. Wherever the balances confirmed are not in agreement with the books in that case reconciliation of difference is under process.

(ii) Good & Service Tax (GST) and other statutory dues are in reconciliation with the returns filed and statutory records maintained by the company.

(iii) The company has done reconciliation/scrutiny of various ledgers, supplier suspense accounts, vendor's GL, customers code/GLs, GLs pertaining to staffs' recoverable/payables including certain control ledger, GRIR accounts, security deposit from vendors etc and found that these balances are mainly due to legendry transfer of entries from the then holding company (Air India Ltd. prior to disinvestment), long open line items in SAP without any demand/claim from parties, non-movement of balances in GLs for more than three years, erroneous adjustment/clearing or balances without any supporting documentation for which the company has taken the accounting impact.

Further, few control ledgers/GLs/Accounts are under process of reconciliation and the same will be completed in due course and accounting impact, if any, of the same arising out of the reconciliation will be taken on approvals from appropriate authority.

In case of AIASL:

(i) 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 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.

(ii) 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.

(iii) Statutory dues have been reconciled with the returns filed and statutory records maintained by the company except TDS which is under reconciliation. 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:

(i) 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	23,342.21	1,572.11	6.74%
Trade Receivable	784.34	0.38	0.05%

(ii) Balance confirmation certificates as on 31st March 2025 have been sent to all vendors and customers. Confirmations have been obtained from 93.26% (previous year: 92.95%) of the total amount in case of vendors and in case of the customers all the parties are Govt Dept/Ministry and 99.95% (previous year: 99.25%) of the total dues as on 31st March 2025 is confirmed.

(iii) 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 2025-26.

(iv) Management is of opinion that the adjustments after reconciliation will have no material impact in statement of Profit & Loss A/C.

1 Management Replies - Final.indd 292 19-08-2026 6:26:46 PM

(v) Status of Reconciliation with Airport Operators

a. Reconciliation with the Airport Authority of India has been drawn as on 31.03.2025 but is yet to be confirmed.

b. The accounts with BIAL, DIAL, HIAL and MIAL have been reconciled up to 31.03.2025

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 2025

(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, 2025. 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.

33. 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 ₹ 425.49 million (previous year: ₹ 300.80 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 ₹ 471.46 million (previous year: ₹ 441.30 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.

1 Management Replies - Final.indd 293 19-08-2026 6:26:46 PM

(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 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.

(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 retirement/contract expiry up to a maximum of 300 days. Leave Encashment liability for the current financial year is Rs. 3.33 million (Previous Year Rs. (4.49) million)

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. 1.28 million determined through actuarial valuation. Accordingly, Company has not recognized the surplus as an asset, and the actuarial

1 Management Replies - Final.indd 294 19-08-2026 6:26:46 PM

gains in 'Other Comprehensive Income', as these pertain to the Provident Fund Trust and not to the Company.

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 65.66 million (Previous Year Rs.29.24 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 1.0 million.

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. The final calculations of for arrears of wage revision for the unionised category of employees worked out to Rs 3059.7 million and the provision outstanding as on 31.3.2025 is Rs 202.29 million.

vi. 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.

1 Management Replies - Final.indd 295 19-08-2026 6:26:47 PM

v. 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 employee wise details have been maintained separately in the books of accounts as Advance against Interim relief Rs.75.52 million and Provision against Interim Relief amounting to Rs 72.92 million.

34. 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.

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, 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.

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.

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.

35. 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.

1 Management Replies - Final.indd 296 19-08-2026 6:26:47 PM

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

The information on the outstanding balances to MSME as at 31st March 2025 are as under:-

(₹ in million)

Particulars	31st March, 2025	31st March, 2024
Principal amount due and remaining unpaid	292.82	95.81
Interest due on above	8.90	33.01
Payment made beyond the appointed day during the year	-	-
Interest paid	-	-
Interest due and payable for the period of delay	8.90	-
Interest accrued and remaining unpaid	8.90	33.01
Amount of further interest remaining due and payable in succeeding years	-	-

Note 36.1: 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 36.2: 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 36.3: 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 36.4: In case of AAAL, 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)

Note 36.5: 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 claimed, however the interest towards delayed payments on the outstanding amounts due as on 31.03.2025 of Rs 5.10 million has been provided in the books the same shall be released as and when demand if any is made during the settlement.

37. NON GENERATION OF E-INVOICE IN CASE OF AIASL

The Company was unable to generate certain e-invoices due to suspension of the software. Consequently, the Company has filed a writ petition before the Delhi High Court seeking directions to the GST department to reopen the e-invoice portal, enabling generation of pending e-invoices in compliance with GST provisions.

38. 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

1 Management Replies - Final.indd 297 19-08-2026 6:26:47 PM

Contract) against which Company has filed the suit against M/s UDSPL as per the contract entered with UDSPL (matter is under subjuidice).

39. 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 2024-25:

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 Amit Kumar	CMD	13.03.2025 (Appointment)*
2	Shri Asangba Chuba Ao	CMD	01.01.2024 (Appointment)
			11.03.2025 (Cessation)
3	Shri Satyendra Kumar Mishra	Director & CMD	22.01.2018 (Appointment)
			31.12.2023 (Cessation)
4	Shri Padam Lal Negi	Director	03.02.2023 (Appointment)
5	Smt. Parama Sen	Director	10.06.2021 (Appointment)
			12.12.2023 (Cessation)
6	Shri Solomon Arokiaraj	Director	27.12.2022 (Appointment)
7	Shri Rahul Jain	Director	12.12.2023 (Appointment)
			04.05.2024 (Cessation)
8	Shri Alok Pande	Director	16.05.2024 (Appointment)
			05.02.2025 (Cessation)
9	Shri Shobhit Gupta	Director	25.05.2024 (Appointment)
10	Shri Rajiv Kapoor	CFO	12.11.2021 (Appointment)
11	Ms. Kavita Tanwar	CS	01.08.2022 (Appointment)

*In terms of MOCA Order no. AV17015/02/2015-AI dated 11th March, 2025 joined as CMD AIAHL on 11th March, 2025.

Board of Directors & Key Managerial Personnel of AIESL

S. No.	Name of Director	Designation	Date of Appointment / Cessation
1	Shri. Amit Kumar	CMD, AI Assets Holding Limited	Chairman & Nominee Director, AIESL (w.e.f. 13.03.2025)
2	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 to 11.03.2025)
3	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)

1 Management Replies - Final.indd 298 19-08-2026 6:26:47 PM

4	Shri Padam Lal Negi	Joint Secretary & Financial Advisor, Ministry of Civil Aviation	Nominee Director, AIESL (w.e.f. 18.01.2023)
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	Shri Alok Pande	Additional Secretary, Department of Investment & Public Asset Management	Nominee Director, AIESL (w.e.f. 16.05.2024 to 25.02.2025)
7	Shri Manoj Kumar	Joint Secretary, Department of Investment & Public Asset Management	Nominee Director, AIESL (w.e.f. 28.02.2025)
8	Shri Shobhit Guta	Joint Director, Ministry of Civil Aviation	Nominee Director, AIESL (w.e.f. 25.05.2024)
9	Smt. Nayonika Dutta	Joint Director, Ministry of Civil Aviation	Nominee Director, AIESL (w.e.f. 12.02.2024)
10	Shri Sharad Agarwal	Chief Executive Officer	(w.e.f. 01.05.2022)
11	Shri R. K. Jain	Chief Financial Officer	(w.e.f. 20.05.2022)
12	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. Amit Kumar	Chairman & Nominee Director	(appointed as Chairman effective March 13, 2025)
2	Shri. Asangba Chuba Ao	Chairman	(appointed as CMD effective January,1,2024 and ceased as CMD effective March 11, 2025)
3	Shri. Satyendra Kumar Mishra	Chairman	(appointed as CMD effective March 01, 2023 and ceased as CMD effective December 31, 2023)
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)
5	Wing Cdr. Sandeep Malhotra (retd)	Chief Financial Officer	
6	Smt. Shashi Bhadoola	Company Secretary	

Board of Directors & Key Managerial Personnel of AAAL

S. No.	Name	Designation	Date of Appointment / Cessation
1	Shri Amit Kumar* Chairman & Managing Director, AI Assets Holding Limited(AIAHL)	Chairman	13-03-2025 to till date
2	Shri Asangba Chuba Ao Chairman & Managing Director, AI Assets Holding Limited(AIAHL)	Chairman	29-02-2024 to 11-03-2025

1 Management Replies - Final.indd 299 19-08-2026 6:26:47 PM

3	Shri Asangba Chuba Ao Joint Secretary, DT Division, Ministry of Civil Aviation	Director	18-01-2023 to Till date
4	Shri Pranjol Chandra Director, Ministry of Civil Aviation	Director	11-02-2022 to 13-12-2024
5	Shri Brajesh Kumar Srivastava Deputy Secretary, Ministry of Civil Aviation	Director	18-01-2023 to 28-03-2025
6	Smt. Nayonika Dutta Joint Director, Ministry of Civil Aviation	Director	12-02-2024 to Till date
7	Shri Rohit Raj ** Director, Ministry of Civil Aviation	Director	18-03-2025 to Till date

*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). However, his appointment on the Board of Alliance Air Aviation Limited became effective from the date of obtaining his Director Identification Number (DIN) i.e.13-03-2025.

**In terms of the Order 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 but his appointment became effective from the date of obtaining his Director Identification Number i.e. 18-03-2025.

Key Managerial Personnel & Relatives of AAAL

S. No.	Name	Designation	Date of Appointment & Date of Cessation
1	Shri Vineet Sood	Chief Executive Officer	31-07-2021 & 21-09-2024
2	Shri Rambabu Ch	Chief Executive Officer (Addl. Charge)	21-09-2024 & 07-05-2025
3	Shri Rajarshi Sen	Chief Executive Officer	07-05-2025 to Till Date
4	Shri Ambar Kumar Mondal	Chief Financial Officer	26-07-2019 to 31-07-2024
5	Shri Amit Mishra	Chief Financial Officer	31-01-2025 to Till Date
6	Ms Shilpa Bhatia	Company Secretary	14-01-2022 to Till Date

Key Managerial Personnel of HCIL

S. No.	Name	Designation	Date of Appointment / Cessation
1	Shri Amit Kumar Chairman & Managing Director, AI Assets Holding Limited (AIAHL)	Chairman Chief Executive Officer (Addl. Charge)	Appointment 19.03.2025
2	Shri Deepak Khullar	Chief Executive Officer	upto 04.11.2024
3	Shri Shobhit Gupta	Chief Executive Officer	From 26.11.2024 to 18.03.2025

1 Management Replies - Final.indd 300 19-08-2026 6:26:47 PM

4	Shri K Gopal krishna	Chief Financial Officer	Appointment 28.06.2023
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. 2024-25
1	Shri Amit Kumar	Salary	0.29
2	Shri Rajiv Kapoor	Salary	1.99
3	Ms. Kavita Tanwar	Salary	1.25
4	Shri Vineet Sood	Salary	1.69
5	Shri Ambar Kumar Mondal	Salary	0.00
6	Ms. Shilpa Bhatia	Salary	1.00
7	Shri Sharad Agarwal	Salary	5.11
8	Shri Rakesh Kumar Jain	Salary	2.95
9	Ms. Sakshi Mehta	Salary	1.25
10	Shri. Deepak Khullar	Salary	1.43
11	Ms. Sonam Gosain	Salary	1.26
12	Shri K Gopal Krishna	Salary	1.50
13	Shri Rambabu Ch.	Salary	4.87
14	Wing Cdr. Sandeep Malhotra (retd.)	Salary	2.22
15	Ms. Shashi Bhadoola	Salary	1.16

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, 2025	As at 31st March, 2024
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)	86.14%	80.38%

1 Management Replies - Final.indd 301 19-08-2026 6:26:47 PM

40. 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, 2025	For the year ended March 31, 2024
Foreign exchange earnings	4,168.01	3,278.44
Foreign exchange expended	6,945.36	8,066.38
Net foreign exchange earnings	(2,777.35)	(4,787.94)

41. 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 ₹57.22 million (Previous Year ₹91.00 million)

(₹ in Millions)

Particulars	Year ended March 31, 2025	Year ended March 31, 2024
Amount required to be spent by the company during the year	119.22	91.00
Amount of expenditure incurred	-	-
Nature of CSR activities	-	-
a) Construction / acquisition of any assets	-	-
b) On purpose other than 1 above	57.22	91.00
Shortfall at the end of the year / period	62.00	-
Total of previous years shortfall	-	-

1 Management Replies - Final.indd 302 19-08-2026 6:26:47 PM

Reason for shortfall	The amount has been withheld for the different projects of AIIMS, Delhi and also proposal has been received and the same is under process.	-
Nature of CSR activities :	₹ 57.22 million has been Contributed to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund

In the case of AIASL, 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, 2025	Year ended March 31, 2024
Amount required to be spent by the company during the year	10.97	-
Amount of expenditure incurred	10.97	-
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	10.97	

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.

42. 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.

1 Management Replies - Final.indd 303 19-08-2026 6:26:47 PM

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 last 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 with 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 an email dated 10th May 2024. However the reply is still awaited for the same.

43. 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, 2025		As at March 31, 2024	
	Non-Current	Current	Non-Current	Current
Lease Liabilities	16,620.92	4,618.45	19,355.34	3,494.71

(b) Other Disclosure:

(₹ in Millions)

1. Maturity Analysis of lease liabilities		
Particulars	**2024-25**	**2023-24**
Less than one year	3,396.30	3,378.46
One to five years	12,786.59	15,536.31
More than five years	7,412.07	5,476.91
Total undiscounted lease liabilities at 31 March	23,594.96	24,391.69
Lease liabilities included in the statement of financial position on 31 March	21,239.37	22,850.05
2. Amount's recognized in the statement of profit and loss		
Particulars	**2024-25**	**2023-24**
Depreciation expense on Right of use assets (ROU Asset)	2,686.51	2,666.62
Interest on lease liabilities	34.67	330.11
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	-	-

1 Management Replies - Final.indd 304 19-08-2026 6:26:47 PM

*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	2024-25	2023-24
Amount Shown as Cash Flow from Financing Activity -	3,589.20	3,465.43
Total cash outflow for leases		

Other Information under Ind-AS 116:

The lease of 01 Dornier-DO 228 aircraft has been extended for 01 year w.e.f. 12th April 2025 however the agreement has been executed prior to 31st March 2025 due to which the lease modification has been carried out in accordance with IND AS 116. The impact has been taken in books of accounts in accordance with IND AS 116.

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.

Information about leases for which the company is a lessee is presented below:

(i) Right-of-use assets

Particulars	2024-25
Balance as at April 01, 2023	-
Additions during the year	-
Amortisation charged during the year	-
Balance as at March 31, 2024	**-**
Additions during the year	251.35
Amortisation charged during the year	45.94
Balance as at March 31, 2025	**205.41**

(ii) Amount recognised in statement of profit and loss

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Interest expense on lease liabilities	8.40	-
Amortisation charged during the year	45.94	-
Expense relating to short term and low value leases	-	

1 Management Replies - Final.indd 305 19-08-2026 6:26:47 PM

(iii) Amount recognised in statement of cash flows

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Total Cash outflows for leases	51.18	-

(iv) Movement in lease liabilities

Particulars	For the year ended 31 March 2025	For the year ended 31 March 2024
Balance as at April 01, 2024	-	-
Additions	251.35	-
Interest cost accrued during the year	8.40	-
Payment of lease liabilities and finance cost during the year	51.18	-
Termination of lease during the year	-	-
Balance as at March 31, 2025	208.57	-

(v) Maturity analysis of lease liabilities

Commitments for minimum undiscounted lease payments in relation to non-cancellable operating leases are payable as follows:

Particulars	As at 31 March 2025	As at 31 March 2024
Within one year	118.54	-
Later than one year but not later than five years	108.43	-
Later than five years	-	-

(vi) Break up of Current and Non- Current lease liabilities

Particulars	As at 31 March 2025	As at 31 March 2024
Current lease liabilities	105.34	-
Non-Current lease liabilities	103.23	-

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	**31.3.2025**	**31.3.2024**
Current	41.35	32.02
Non-current	417.83	387.60
Total	**459.18**	**419.62**

1 Management Replies - Final.indd 306 19-08-2026 6:26:47 PM

b) Exposure to Future Cash Flows:

During the year the Company has made a payment of Rs 2.22 millions against the outstanding lease rent & Turnover Leavy payable to AAI/DIAL/MIAL (Refer Note no.17) the interest accrued on the principal amount has been considered as contingent (Refer Note no. 31 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.

44. REGIONAL CONNECTIVITY SCHEME IN CASE OF AAAL

Till 31.3.2025, AAAL has been awarded (through the bidding process) 165 routes (previous year: 137 routes) under RCS till 14 rounds, out of the awarded routes of 137 (previous year: 111) are operational. The awarded but non-operational routes till 31.03.2025 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 round 2 of allotment,

ii. 02 routes awarded in the round 3 of allotment,

iii. 04 routes awarded in round 3.1,

iv. 02 routes awarded in round 5.3 of allotment and

v. 16 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.

45. REVENUE IN CASE OF AAAL

In case of AAAL, 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 89% of the total sale.

The sale is 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 tkts 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.

As on 31st March 2025, the handling & processing of revenue relating to cargo & mail is still being done by AIL.

46. TDS ON PROVISION IN CASE OF AAAL:

Provision has been created for the bills received from the vendor during 2025-26 but the service availed in 2024-25 (i.e., all the bills dated after 2024-25). As per the system being followed, the provisions created for 2024-25 are reversed in 2025-26 and the actual bill received in 2025-26 is booked in the vendor ledger after deducting applicable TDS in 2025-26. Due to the GST scenario, provisions have been created without deduction of TDS for the bills of the year 2024-25 received in 2025-26 and dated 2025-26. Further based on reconciliations with different Vendors, provisions are also made for bills raised in 2024-25 but certified bills are not submitted in 2024-25.

1 Management Replies - Final.indd 307 19-08-2026 6:26:47 PM

47. 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 60.7 million

(ii) Employees liability for Govt.of J&K w.e.f.01.03.2023 onwards Rs 175.8 million

(iii) Salary of workers (Rs. 27.9 million) and officers(Rs. 2.9 million) 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.196.9 million

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 regularly followed up up with the J&K Government for realisation of the above mentioned dues, further the company has also filed an execution petition at the Hon'ble High Court of Srinagar, J&K and pursuing the same for the realisation of the dues form the J & K Government.

B. Renovation of Hotels

The company received a sum of Rs 50 millions during 2015-16 against issue of equity shares from the Government of India for Renovation of hotels

C. Luxury Tax liability of Centaur Delhi as on 31st March 2025 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

1 Management Replies - Final.indd 308 19-08-2026 6:26:47 PM

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 matter is under final hearings and the next hearing is scheduled on 27.01.2026

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 Apartments 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 0.873 million) and 2 Flats at Everest Appartments (Acquired in 1986 at a total cost of Rs.1.2 million) 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

48. GOING CONCERN

In case of AAAL:

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'2025. 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

1 Management Replies - Final.indd 309 19-08-2026 6:26:47 PM

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 2025 (previous year 101 routes).

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, 2025.

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 571.4 million from the GOI, by way of equity infusion through AIAHL on 20.10.2024 towards meeting its statutory liabilities and Wage revision arrears for unionized workermen. The Company has Catering Agreement with M/s SpiceJet Limited valid up to 01.05.2030, Flight Handling services with Air India valid upto November 2026 and letting out the space for FHU operations at Mumbai for period upto March 2031 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.

vi. Refurbishment of additional 30 Guest Rooms at Centaur Hotel Delhi Airport to increase the occupancy level is also under process.

49. 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 Millions)

Particulars	For the year ended 31st March 2025	For the year ended 31st March 2024
Air India Ltd.	10,682.13	13,214.76
IAF	3,156.09	4,377.46

In the case of AAAL:

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.

1 Management Replies - Final.indd 310 19-08-2026 6:26:47 PM

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

Particulars	For the year ended 31st March 2025	For the year ended 31st March 2024
Passenger	4,300.27	5,932.57
Excess Baggage	42.93	95.93
Mail	0	1.63
Cargo	1.26	7.58
Charter	43.78	94.21
Subsidy for Operation form Government	3,611.99	3,237.36
Handling Servicing and Incidental Revenue	145.4	178.37
Total	**8,145.63**	**9,547.66**

The following table provides information about the opening and closing balance of trade receivables:

Particulars	As at 31st March 2025	As at 31st March 2024
Trade Receivable	784.34	516.34

As on 31st March 2025,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, 2025 and 2024.

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.

(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, 2025, is ₹Nil (₹ Nil as on 31st March, 2024).

1 Management Replies - Final.indd 311 19-08-2026 6:26:47 PM

In the case of AIESL, the aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2025, is ₹Nil (₹ Nil as on March 31, 2024).

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.

50. In Case of AIESL, The company has made provision of ₹ 318.80 million in FY 2022-23 towards MIAL rental increase for the land parcel occupied by the Company based on draft agreement provided by the MIAL with increase in rent as the company was inclined to accept the increased rents. Further, as no finality on the subject could be reached between the parties hence no provision has been created for the increase rate in FY 2023-24 and since MIAL is continue to bill as per the old rates in the current financial year hence the provision created in the FY 2022-23 for ₹ 318.80 million has been written back.

51. EVENT OCCURING AFTER BALANCE SHEET DATE, 16 nos. of SBLCs amounting to ₹ 2,355.50 million (₹1,704.20 million invoked on 24th/25th Nov 2025 and ₹651.30 million invoked on 21st January 2026) by the two Aircraft Lessors of Alliance Air due to AAAL outstanding aircraft lease rentals and other dues. The SBLCs/BGs issued for AAAL (subsidiary) are part of the Corporate Guarantees issued by AIAHL as the Holding parent company. (refer Note no.23.iii)

NOTE 52 : CORRECTION OF PRIOR PERIOD ERRORS IN ACCORDANCE WITH IND-AS 8

In the case of AIESL:

During the year 2024-25, the company have noted 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, disclosed as under in the AIESL SFS financial statements:-

(₹ in Million)

Particulars	31st March, 2024 (as previously reported)	Increase/ (decrease) due to correction of error	31st March, 2024 (restated)
Balance sheet (extract)			
Trade Payable	2,246.07	85.40	2,331.47
Trade Receivable	12,764.27	136.00	12,900.27
Loans & Advances (Other Current Financial Liability)*	(142.34)	157.94	15.60
Other Non-Trade Receivable*	-	15.60	15.60
Other Financial Assets*	25.12	15.60	40.72
Statement of Profit and loss (extract)			
Revenue From Operation	20,879.83	26.74	20,906.57
Other Servicing Revenue	12,565.24	26.74	12,591.98
Total Income	21,803.53	26.74	21,830.27
Profit/ (Loss) after Tax for the period	2,549.87	26.74	2,576.61
Total comprehensive Income for the year	2,357.28	26.74	2,384.02

* As at 31st March, 2024 Loans & Advances (Other Current Financial Liability) was ₹142.34 million and due to correction of error of ₹157.94 million, the debit balance of ₹15.60 million has been grouped as Other Non-Trade Receivable in Other Financial Assets.

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 ₹0.16 per share in FY 2023-24.

1 Management Replies - Final.indd 312 19-08-2026 6:26:47 PM

(₹ in Million)

Particulars	31st March, 2023 (as previously reported)	Increase/ (decrease) due to correction of error	01st April , 2023 (restated)
Balance sheet (extract)			
Trade Payable	530.79	6.64	537.43
Trade Receivable	8,473.33	533.90	8,858.01
Loans & Advances (Other Current Financial Liability)	175.34	-	175.34
Other Financial Liability	757.97	-	757.97
Statement of Profit and loss (extract)			
Revenue From Operation	19,683.24	(3.86)	19,679.38
Other Servicing Revenue	13,391.57	-	13,391.57
Other Income	764.59	-	764.59
Total Income	20,447.83	(3.86)	20,443.97
Profit/ (Loss) after Tax for the period	6,433.92	(3.86)	6,430.06
Total comprehensive Income for the year	6,444.35	(3.86)	6,440.49

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 an increase of ₹0.91 per share in FY 2022-23.

In the case of AAAL:

As per Ind AS 8, the Company has restated its financial statements for the year ended March 31, 2025, to correct a prior period error involving the accounting treatment of lease modifications for two aircraft under lease, as per IND AS 116 - Leases. Consequently, the balances in the prior year's annual report will differ from the restated figures in the current year's financial statements for the year ended March 31, 2025.

In the financial year 2019-20, the original lease terms for these two aircraft MSN 1197 & 1226, each with a 12-year lease period, were extended by an additional 4 years per aircraft, extending the lease expiration from FY 2026-27 to FY 2030-31.

Correction of the Error:

In accordance with IND AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, the Company has corrected the prior period error by restating the comparative financial statements. The correction involves recognizing the modified lease terms effective from FY 2019-20, recalculating the lease liabilities based on the revised lease term, and adjusting the right-of-use assets accordingly. The incremental borrowing rate applicable at the time of modification has been used to discount the revised lease payments.

Impact of the Correction:

The following adjustments have been made to the financial statements by restatement of the affected financial statements line items for the prior years, disclosed as under in the AAAL SFS financial statements :-

Reconciliation of Statement of Financial Position (Balance Sheet) (₹ in Million)

Particulars	As at March 31, 2024			As at April 1, 2023		
	As previously approved	Restatement	As Restated	As previously approved	Restatement	As Restated
ROU Asset	17,788.78	1,232.97	19,021.75	20,171.06	1,259.08	21,430.14

1 Management Replies - Final.indd 313 19-08-2026 6:26:47 PM

Lease Liabilities - Current	3,494.71	-	3,494.71	3,252.68	-	3,252.68
Lease Liabilities - Non Current	18,210.44	1,144.90	19,355.34	21,383.58	1,147.61	22,531.19
Retained Earnings	(46861.31)	88.07	(46773.23)	(40665.74)	111.47	(40554.27)

Note: The net impact on Retained Earnings includes cumulative adjustments for depreciation and finance costs not recognized previously.

Reconciliation of Statement of Profit or Loss **(₹ in Million)**

Particulars	As at March 31, 2024		
	As previously approved	Restatement	As Restated
Interest Cost - Lease Liability	199.58	(19.66)	179.92
Interest Cost - Redelivery Cost	6.46	(1.66)	4.80
Depreciation	2,729.07	9.62	2,738.69
Forex	351.43	35.10	386.53
Total	**3,286.54**	**23.40**	**3,309.94**

Note: The restatement decreases finance costs, increasing profit before tax since the impact of finance costs was higher on the original figures due to the non-recognition of the lease extension.

Reconciliation of Earnings per Share **In Rupees**

Particulars	As at March 31, 2024		
	As previously approved	Restatement	As Restated
Earnings Per Share	(93.14)	(0.35)	(93.49)

There is no impact on the Cash Flow Statement due to restatement.

The restated comparative financial statements for FY 2024-25 and the opening balance sheet as at April 1, 2024, reflect the corrected amounts. The Company believes that these adjustments provide a true and fair view of its financial position and performance in accordance with IND AS.

53. 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

The Group 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 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.

1 Management Replies - Final.indd 314 19-08-2026 6:26:47 PM

(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 2024-25 (₹ 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
	Other Structures	3,324.23	Air India Limited	No	31-Mar-22
PPE (AIESL)	Building	2,644.05	Air India Limited	No	8-Apr-21
	Jet 9D Test House	10.42	Air India Limited	No	1-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 ₹ 2,386.70 million (Previous Year ₹ 2,282.00 million)

1 Management Replies - Final.indd 315 19-08-2026 6:26:47 PM

In the case of AAAL, The company has registered charges of Rs. 3,460.45 million (Previous Year Rs. 3,460.45 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.

(xi) Relationship with Struck off Companies:

The Group has no outstanding balances as on 31.03.2025 (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

(₹ in Millions)

Current ratio		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Total current assets	12,619.79	14,475.54
Total current liabilities	6,889.48	6,788.33
Ratio	1.83	2.13
% change	**-14.10%**	**-11.82%**
Reason	Due to decrease in current assets (cash & cash equivalents)	
Debt equity ratio		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Total debt	149,850.00	149,850.00
Shareholder's equity	(49,534.41)	(49,286.48)
Ratio	(3.03)	(3.04)
% change	**-0.50%**	**13.98%**
Reason	Due to negative net-worth of the company in the previous year and increased losses in the current year compared to loss in the previous year.	
Debt service coverage ratio		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Earnings available for debt service (EBIDTA)	8,870.08	6,974.02
Total debt	149,850.00	149,850.00
Ratio	**0.06**	**0.05**
% change	**27.19%**	**73.90%**
Reason	Due to increase in Grant in aid received from GOI.	
Return on equity		

1 Management Replies - Final.indd 316 19-08-2026 6:26:47 PM

Particulars	As at March 31, 2025	As at March 31, 2024
Net profits after tax	(3,053.32)	(356.08)
Average Shareholders' equity	(49,262.14)	(52,731.54)
Ratio	**0.06**	**0.01**
% change	**817.86%**	**-98.02%**
Reason	Due to Higher losses during the year	

Inventory turnover ratio

Particulars	As at March 31, 2025	As at March 31, 2024
Cost of goods sold	-	-
Average inventory	-	-
Ratio	-	-
% change	**-**	**-**
Reason	Nil	

Trade receivable turnover ratio

Particulars	As at March 31, 2025	As at March 31, 2024
Revenue from operations	-	-
Closing trade receivables	-	-
Ratio	-	-
% change	**-**	**-**
Reason	Nil	

Trade payable turnover ratio

Particulars	As at March 31, 2025	As at March 31, 2024
Other expenses	1,596.71	2,097.89
Closing trade payables	2.67	5.78
Ratio	**598.15**	**362.96**
% change	**64.80%**	**-57.32%**
Reason	Due to decrease in other expenses as compared to previous year.	

Net capital turnover ratio

Particulars	As at March 31, 2025	As at March 31, 2024
Rental Revenue from properties	571.74	1,193.82
Working capital	5,730.31	7,687.21
Ratio	**0.10**	**0.16**
% change	**-35.75%**	**25.01%**

1 Management Replies - Final.indd 317 19-08-2026 6:26:48 PM

Reason	Due to Decrease in rental revenue and decrease in working capital as compared to previous year.	
Net profit ratio		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Net Profit for the year	(3,053.32)	(356.08)
Rental Revenue from properties	571.74	1,193.82
Ratio	**(5.34)**	**(0.30)**
% change	**1690.44%**	**-97.11%**
Reason	Due to decrease in rental revenue during the year	
Return on capital employed		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Profit before exceptional item & tax plus finance cost	8,870.05	6,974.00
Capital employed	100,315.59	100,563.52
Ratio	**0.09**	**0.07**
% change	**27.50%**	**61.99%**
Reason	Mainly due to increase in grant received from GOI and change in capital employed.	
Return on investment		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Income from investment	Nil	Nil
Closing balance of investment	Nil	Nil
Ratio	Nil	Nil
% change	**Nil**	**Nil**
Reason	No investment made	
Interst Service Coverage Ratio		
Particulars	**As at**	**As at**
	March 31, 2025	**March 31, 2024**
Profit before exceptional item & tax plus finance cost	8,870.05	6,974.00
Finance Cost	11,058.11	11,090.52
Ratio	0.80	0.63
% change	**27.56%**	**129%**
Reason	Due to increase in Grant income leading to increase in profit.	
Long Term Debt to Working Capital		

1 Management Replies - Final.indd 318 19-08-2026 6:26:48 PM

Particulars	As at March 31, 2025	As at March 31, 2024
Total debt	149,850.00	149,850.00
Working capital	**5,730.31**	**7,687.21**
Ratio	26.15	19.49
% change	**34.15%**	**7.20%**
Reason	Due to decrease in working capital	

Capital Redemption Reserve/Debenture Redemption Reserve		
Particulars	**As at March 31, 2025**	**As at March 31, 2024**
Not Applicable	Debenture Redemption Reserve (DRR) not applicable to debt listed entities in terms of Rule 18(7) of Companies (Share Capital and Debentures) Rules 2014 as amended, hence no DRR created by the Company.	

1. Total debt = Non-current borrowings + Current borrowings
2. Earnings before interest & tax (EBIT) = Profit before exceptional item & tax + Finance costs
3. Working capital = Total current assets - Total current liabilities
4. Capital employed = Total equity + Borrowings
5. Total equity = Total equity excluding non-controlling Interest (less) / add (deferred tax assets) / deferred tax liability (net)
6. The group consists of AIAHL and its four subsidiary companies (viz. AIASL, AIESL, AAAL and HCI), the standalone financial statements of subsidiary companies have been drawn on going concern basis however, while preparing the consolidated financial statements, the subsidiary companies have been treated as discontinuing operations under held for sale. The ratios above have been calculated excluding the discontinuing operations to avoid skewed presentation of ratios.

54. FINANCIAL INSTRUMENTS AND FAIR VALUE MEASUREMENT IN THE CASE OF HOLDING COMPANY

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 2025, 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.

1 Management Replies - Final.indd 319 19-08-2026 6:26:48 PM

(₹ in millions)

Financial assets and liabilities as at March 31, 2025	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	1,303.40	1,417.40	-	-	-	-	-	-	-	-	1,417.40	1,417.40
Cash and cash equivalents	-	7,493.84	7,493.84	-	-	-	-	-	-	-	-	7,493.84	7,493.84
Bank balances other than cash and cash equivalents	2,386.70	173.00	2,559.70	-	-	-	-	-	-	-	-	2,559.70	2,559.70
AI Reconciliation Account/ Recoverable from AIL	-	2,820.51	2,820.51	-	-	-	-	-	-	-	-	2,820.51	2,820.51
Total financial assets	**2,500.70**	**11,790.75**	**14,291.45**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,291.45**	**14,291.45**
Financial liabilities													
Borrowings	149,850	-	149,850.00	-	-	-	-	-	-	-	-	149,850.00	149,850.00
Lease liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Trade payables	-	2.87	2.87	-	-	-	-	-	-	-	-	2.87	2.87
Other financial liabilities	-	5,341.54	5,341.54	-	-	-	-	-	-	-	-	5,341.54	5,341.54
Total financial liabilities	**149,850.00**	**5,344.41**	**155,194.41**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**155,194.41**	**155,194.41**

(₹ in million)

1 Management Replies - Final.indd 320
19-08-2026 6:26:48 PM

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
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**	**13,780.10**	**16,178.30**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**16,178.30**	**16,178.30**
Financial liabilities													
Borrowings #	149,850.00	-	149,850.00	-	-	-	-	-	-	-	-	149,850.00	149,850.00
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	**149,850.00**	**5,118.92**	**154,968.92**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**154,968.92**	**154,968.92**

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.

1 Management Replies - Final.indd 321
19-08-2026 6:26:48 PM

55. 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 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) of ₹ 7493.84 million as at 31st March 2025 (Previous Year ₹ 9295.60 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.

1 Management Replies - Final.indd 322 19-08-2026 6:26:48 PM

Exposure to liquidity risk

As at March 31, 2025 **(₹ in Million)**

Particulars	Carrying amount	As at April 1, 2023			
		Upto 1 year	1-5 years	More than 5 years	Total
Current					
Trade Payables	2.67	2.67	-	-	2.67
Interest Accrued but not due on Borrowings/NCDs	4,998.04	4,998.04	-	-	4998.04
Other Financial Liabilities	343.50	343.50	-	-	343.50
Total	**5,344.21**	**5,344.21**	**-**	**-**	**5,344.21**

As at March 31, 2024 **(₹ in Million)**

Particulars	Carrying amount	As at April 1, 2023			
		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**

(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

1 Management Replies - Final.indd 323 19-08-2026 6:26:48 PM

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.

56. 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.

57. 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

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

For and on behalf of the Board of Directors

Sd/-
Amit Kumar
Chairman and Managing Director
DIN 11001643

Sd/-
Rajiv Kapoor
Chief Financial Officer

Sd/-
Padam Lal Negi
Director
DIN 10041387

Sd/-
Kavita Tanwar
Company Secretary
A29486

Place: Delhi
Date: 09-06-2026

1 Management Replies - Final.indd 324 19-08-2026 6:26:48 PM

PART (A)

Statement of Salient Features of the Financial Statement of Subsidiaries (Form AOC -I)

Sr. No	Name of Indian Subsidiary Companies				FY 2024-25 (Rs in million)
		AIESL	HCI	AAAL	AIASL
1	Reporting Currency	INR	INR	INR	INR
2	Exchange Rate				
3	Average Rate 2024-25				
4	Reporting Period similar for all Subsidiaries and Holding company	1.4.2024 to 31.3.2025			
5	Share Capital	1,666.67	1,947.40	10,022.50	1,384.24
6	Reserve & Surplus	(2,877.37)	(9,673.85)	(53,601.27)	3,240.55
7	Liabilities	32,436.54	8,672.12	73,743.20	7,494.31
8	Total liabilities	31,225.84	945.67	30,164.43	12,119.10
9	Total Assets	31,225.84	945.67	30,164.43	12,119.10
10	Investments	-	-	-	-
11	Turnover	19,460.50	463.61	8,213.52	10,037.05
12	Profit before Exceptional items & taxation	3,833.12	(804.00)	(6,829.39)	40.93
13	Exceptional items	1,208.30	-	-	-
14	Provision for taxation	994.82	-	-	11.55
15	Other Comprehensive Income	(72.13)	(21.14)	1.36	(6.23)
16	Profit after taxation	3,974.46	(825.14)	(6,828.03)	23.15
17	Proposed Dividend	-	-	-	-
18	Percentage of shareholding	100%	86.14%	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/-	**Sd/-**	**Sd/-**	**Sd/-**
Amit Kumar	**Padam Lal Negi**	**Rajiv Kapoor**	**Kavita Tanwar**
Chairman and Managing Director	Director	Chief Financial Officer	Company Secretary
DIN 11001643	DIN 10041387		M.No ACS29486

Place: New Delhi
Date:9th June 2026

1 Management Replies - Final.indd 325 19-08-2026 6:26:48 PM

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, 2025				
				(in millions)
	Sl. No.	**Particulars**	**Audited Figures (as reported before adjusting for qualifications)**	**Adjusted Figures (audited figures after adjusting for qualifications)**
I	1	Turnover / Total income	10,505.49	N.A
	2	Total Expenditure	12,693.55	
	3	Net Profit/(Loss)(Including Net Profit from entities included in disposal group- "Held for Sale")	(1,153.62)	
	4	Earnings Per Share	(0.02)	
	5	Total Assets	162,949.76	
	6	Total Liabilities	212,484.17	
	7	Net Worth	(49,534.41)	
	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 9th June 2026 b. Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion c. Frequency of qualification: Whether appeared first time / repetitive / since how long continuing d. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: N.A e. For Audit Qualification(s) where the impact is not quantified by the auditor: (i) Management's estimation on the impact of audit qualification: (ii) If management is unable to estimate the impact, reasons for the same Qualifications are about accounting systems- impact unascertainable (iii) Auditors' Comments on (i) or (ii) above: Unascertainable			
III	**Signatories:** Chairman and Managing Director Sd/- CFO Sd/- Audit Committee Chairman Sd/- Statutory Auditor Sd/- Date: 9th June 2026 Place: New Delhi			

1 Management Replies - Final.indd 326 19-08-2026 6:26:48 PM

AI ASSETS HOLDING LIMITED

Registered Address:- 2nd Floor,
AI Administration Building, Safdarjung Airport, New Delhi-110003
website: www.aiahl.in

1 Management Replies - Final.indd 327 19-08-2026 6:26:49 PM